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The "Carter Report", the  
"Smith Report" and the  
City of Toronto

A Study

prepared by

T.J. PLUNKETT ASSOCIATES LTD.

Municipal Affairs and Public  
Administration Consultants

Montreal - Toronto - Vancouver

April 1, 1968

**T.J.P.**  
Associates



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# T. J. PLUNKETT ASSOCIATES LTD.

*Municipal Affairs and Public Administration Consultants*

AFFILIATED WITH:  
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VANCOUVER, B.C.

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April 1, 1968.

His Worship The Mayor and  
Members of Board of Control,  
City Hall,  
City of Toronto,  
100 Queen Street West,  
TORONTO 1, Ontario.

Gentlemen:


On February 5, 1968 Board of Control by Report No. 9 sent to City Council a recommendation relating to the "engagement of consultants to review 'Carter' and 'Smith' Reports on Taxation" which recommendation was duly adopted. Our Study follows.

A condition of the assignment was that this firm "engage the services of Price Waterhouse and Company, Chartered Accountants, to assist in the accounting area of the study" which was done.

The total responsibility for the Study rests with our firm.

Throughout the study period we have received excellent co-operation from officials of the City of Toronto and the Municipality of Metropolitan Toronto. For reasons of extreme pressures at budget time officials of the Metropolitan School Board were unable to supply us with detailed information as requested, hence any deficiencies in our Study to you in this regard are due to the necessity of seeking alternate information sources.

Yours very truly,

  
Thomas J. Plunkett  
President





(i)

Terms of Reference


The terms of reference for this assignment were drafted by the City Solicitor after consultation with the affected parties. They require the consultants to conduct:

"

(1) A cursory examination of recommendations in the Report of the Royal Commission on Taxation (Carter Report) in so far as such may directly affect the operations of the City of Toronto;

(2) A detailed examination and analysis of the implications of the recommendations in the Report of the Ontario Committee on Taxation (Smith Report) in so far as such might directly affect City revenues such to include an evaluation of the economic consequences thereof;

(3) The reporting on such matters arising out of the foregoing studies as may be deemed relevant, including comments and observations as to how the recommendations in the Carter and Smith Reports might affect the City of Toronto's share of the Metropolitan Levy."



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## I. INTRODUCTION

This Study arises out of the City of Toronto's desire to have an objective appraisal of the effect upon the City's operations of the Royal Commission on Taxation, hereafter referred to as the Carter Report, and the Report of the Ontario Committee on Taxation, hereafter referred to as the O. C. T. Report and sometimes the Smith Report.

The examination of the Carter Report is, as our terms of reference indicate, a "cursory" one. This Report does not have many direct implications for the City. Nevertheless, the indirect effect of certain proposals, if implemented, might have a serious direct effect on the City's financial position. A case in point is the matter of the probable effect that certain proposals would have on the City's borrowing position. This and other points are analyzed in Chapter II. On only one of these matters was a quantitative estimate of the probable effects provided. The approach has been to present arguments arising from the analysis which will assist the City in the preparation of any brief it might want to submit to the Government of Canada with respect to the Carter Report.

The immediate effect of the Carter Report on the individual municipal taxpayer is much less dramatic than what this



Study reveals is the case with the O. C. T. Report. However, the effects of the former, if implemented, will present difficult policy choices for the members of City Council. The probable effects of the Carter Report should not therefore be underestimated.

#### The O. C. T. Report

As will be apparent the main thrust of this Study is the effect in dollars and cents of the impact of the O. C. T. Report on the City's financial position and the individual city taxpayer. A "detailed examination and analysis" of the O. C. T. Report has been undertaken with particular reference to those recommendations which have a direct and measurable effect on the City.

Since the City of Toronto is a constituent member of the Municipality of Metropolitan Toronto it was necessary to analyze the effects of O. C. T. on the five boroughs in order to arrive at the Metro picture and more importantly the effect on the City's share of the Metro levy of the implementation of these recommendations.

The recommendations of the O. C. T. which bear directly on municipalities are contained in Chapters 8 to 21, Volumes I and II of the O. C. T. Report. Those that have



been analyzed are set out in Appendixes I-XXIX. Chapters III and IV of this Study tie together the total impact of the O. C. T. recommendations.

Thus, when the City comes to prepare its brief to the Government of Ontario much of the necessary detail and the interpretation of specific O. C. T. recommendations will be found in the Appendixes to this Study. This should facilitate decisions as to what points the City wishes to endorse and those to which it is in opposition. In most cases the dollar effects of recommendations are shown as a gain or a loss.

The effects of O.C .T. recommendations have been measured in terms of 1967 estimates and the 1966 assessment which was the basis for 1967 taxation. This was the latest year for which complete data were available. In Chapter III the effects of the individual recommendations have been consolidated in the form of revised Metro and City revenue requirements for 1967 and these can be compared to the actual Metro and City revenue requirements of that year. The resulting City and Metro levy has then been applied to the revised assessment as per all O. C. T. recommendations, i.e. up to "actual current value". This application and the subsequent mill rates are set out in Chapter IV. The new assessed valuations and mill rates resulting





from the O. C. T. recommendations have also, for the purposes of illustration, been applied to a group of individual properties. Thus, the effect of the recommendations in terms of their impact on particular properties is shown along with the actual 1967 property taxes. It is in these terms that the ultimate effect of the total package of O. C. T. recommendations can be best appreciated. These examples of the impact of O. C. T. recommendations on individual properties are set out as Tax Illustrations A - M. With the exception of two of these properties, photos have been included so that the type of properties involved can be visualized. The properties included in the sample for tax illustrations were selected at random and the information with respect to the assessment data have been taken directly from the Metro Assessment Roll for the City of Toronto, which document is a matter of public record.

The data from which the various tables, exhibits, illustrations and schedules contained in this Study have been developed were obtained from a variety of official sources, e.g. 1967 Estimates, The Municipality of Metropolitan Toronto. 1967 Estimates, The Corporation of The City of Toronto; Returns of Assessment, Population and Area of a Local Municipality for



1967 to the Province for the Municipalities of the City of Toronto, Borough of Etobicoke, Borough of North York, Borough of East York, Borough of York, and The Borough of Scarborough; and, the Report of The Ontario Committee on Taxation. In addition, certain data were obtained from a variety of departments of the City of Toronto, The Municipality of Metropolitan Toronto, the Metropolitan Toronto Separate School Board, the Toronto Board of Education, and the Ontario Department of Education. Certain data were also made available by the Metropolitan Toronto School Board.

To return to the opening premise the purpose of this Study is not to argue a case for or against the total effect of both Reports but to make available to those who will have the responsibility of preparing a brief on behalf of the City of Toronto detailed and neutral analysis from which partisan argumentation can be developed. In some instances observations have been included on matters which the City might pursue quite apart from a consideration of the O. C. T. recommendations.



## II. THE REPORT OF THE ROYAL COMMISSION ON TAXATION (THE CARTER COMMISSION)

The requirements of the terms of reference of this Study are to conduct a "cursory examination" of the Report of the Royal Commission on Taxation referred to as the Carter Report. If the total package of recommendations contained in the Carter Report was implemented, the effects would be very great on all taxpayers and only incidental to the position of the City of Toronto. However, the prospects of total acceptance seem very slight.

There are three main points of municipal concern in the Carter Report, two of which, if acted upon, would have considerable significance for the City of Toronto and its taxpayers. These three points are:

- (1) reactions in the Carter Report to municipal real property taxes;
- (2) probable effect of the proposals contained in the Carter Report on the cost of borrowing by the City; and
- (3) impact of Federal Sales Tax on purchases by City of Toronto.

In dealing with these points, only the third one could be treated in a quantitative way. The first point has been included for its general interest.



1. Reactions in the Carter Report  
to Municipal Real Property Taxes

The Report stated that property taxes should be considered partly as fees for municipal services to property, and partly as methods of collecting a part of the total revenues required by all levels of government. Property taxes, it was suggested, should continue to be used almost exclusively to finance municipal services to property. The Commission considered it desirable that the importance of municipal realty taxes as sources of other governmental revenue should decline in future, and that other taxes, in particular the personal income tax, be expanded to fulfill revenue requirements.

(Volume 6, Page 159)

The Commission argued that reductions in the reliance on real property taxes in raising revenues will reduce the regressive nature of the tax system and bring tax incidence more into line with the taxpayer's "ability to pay" and with the Commission's general view of tax equity. This implies either that municipalities should receive additional financial assistance from senior levels of government, or that some functions now performed by municipalities would be taken over by other governments.







The Commission stated that "because sales taxes are, at best, proportionate to income, and property taxes are regressive there should be compensatory reductions in the weight of income taxes on low income tax units to achieve the allocation of all taxes according to ability to pay." (Volume 3, Page 154) To effect some reduction in the weight and inequity of real property taxes, the Carter Report suggested that a study be made of the possibility of granting refundable tax credits against personal income taxes for property taxes paid directly by a taxpayer. The Carter Commission felt that, if such a proposal was adopted, inequities could arise between persons who rented their residences and people who owned their homes. Accordingly, the Commission was not prepared to recommend immediately such tax credits. Even stronger reservations were expressed regarding the general allowance of property taxes paid on residences as a deduction in computing the owner's taxable income. (No comments were made in the Report regarding the possibility of extending income tax credits or deductions in respect of property taxes to tenants for real property taxes paid on the premises they occupy.)



2. Probable Effects of Proposals  
Contained in the Carter Report on  
the Cost of Borrowing by the City

The Carter Report recommended the introduction of tax measures which would increase the attractiveness of Canadian common stocks to Canadian investors; such measures would result in the prices of stocks increasing while the price of bonds and debentures declined (with a consequent increase in interest rates). Accordingly, the implementation of the measures recommended in the Report for the "integration" of corporate and individual income tax would likely result in a significant but indeterminate increase in interest costs to the City. In addition, the implementation of other proposals of the Carter Report may have the effect of reducing the total aggregate supply of capital on Canadian financial markets as well as changing its composition. This, too, could tend to increase interest rates: however, the net impact of the Commission's proposals in this area may possibly not be too significant.

The Commission felt that the price of shares of Canadian companies would increase primarily because of the substantially higher after-tax returns available to Canadian shareholders as a result of the Commission's proposed system



for the integration of corporation and individual income taxes. Under these proposals, no Canadian shareholder would pay any additional income tax on dividends received. Instead, individual shareholders with a marginal personal tax rate of less than the 50% maximum rate proposed by the Commission would receive a refund of some portion of the taxes paid by companies on their income. The amount of the refund would be the difference between the tax paid by the corporation (at an estimated 50% rate) and the tax at the marginal personal tax rate of the recipient shareholder on his "grossed-up" share of the distribution, (representing basically the shareholder's share of the corporation's income before corporation taxes).

The tax treatment of interest paid on debt securities would, however, remain substantially unchanged under the Commission's proposed system, i.e. interest would be included in the income of the recipient and taxed at regular rates. Accordingly, the interest yield on debentures or bonds would have to be substantially higher than dividends paid on common stocks in order to provide an equivalent after-tax return to an investor.

Other factors which also affect the relative yields and prices of debentures and stocks include:





- the additional risk attributable to equity investments;
- the stability of income received from debentures and bonds;
- the potentially greater gains that could be received from the ownership of equity investments.

#### Relationship of yields on various debt securities

A variety of fixed-income securities are available to the prospective investor and municipal debentures must maintain a favourable yield to compete with the other debt investment possibilities, as well as maintain an acceptable relationship to the yield on equity investments. Metropolitan Toronto debentures currently (March 1968) trade at yield rates of approximately 7.5%, and N.H.A. mortgages which are guaranteed by the federal government carry rates up to 8-5/8%. To maintain their competitive position in relation to equities, interest rates on some of these securities can be expected to rise (at least to a moderate extent) if the recommendations of the Carter Report are implemented.

Such a general rise in interest rates could, in addition to its effects on municipal finances, also have serious undesirable effects on the availability of residential





housing and real estate developments. This, in turn, could have long-run implications for municipal revenues.

Effect of Commission's proposals on debenture purchasers

Canadian municipal debentures are presently purchased primarily by foreign investors, Canadian financial institutions, pension and other tax-exempt funds, and private Canadian corporate investors. Relatively few of such debentures are acquired and held by Canadian individuals. Implementation of the Commission's recommendations would affect the continued holding and new purchases of municipal debentures by each of these parties in different ways and with varying degrees of severity.

Decrease in availability of capital in Canada

There are a number of recommendations made in the Report of the Royal Commission on Taxation which, if implemented, might have an unfavourable effect on the total aggregate supply of savings and investment capital in Canada. These measures include:

- taxation of capital gains at full tax rates;
- inclusion of gifts, bequests and inheritances in income taxable at full rates;
- increased taxation of life insurance companies;



- increased tax burdens on some financial institutions;
- decrease in aggregate tax burden on the lower income classes, who have little propensity to save;
- introduction of the family as a unit for taxation, resulting in higher taxation of additional earnings of the spouses and children; and,
- general increase in the burden of tax on non-resident investors in the Canadian economy, primarily because of proposed sharply increased taxes in the natural resource and certain other areas.

The Commission concluded that its proposals would not lead to a significant decline in aggregate savings and investment in Canada. Other commentators have reached different (and differing) conclusions on the matter. While it is beyond the scope of this Study to evaluate the answer to this question, it seems possible that the Commission's proposals would, as a unit, have a favourable effect on aggregate savings and investment in this country, and indirectly, on the availability of private investment funds for the purchase of municipal securities.

#### Other alternative inducements for the purchase of Canadian equities

Even before the Commission's recommendations were published, there was considerable discussion about the



possible advisability of stimulating and encouraging the purchase of shares in Canadian companies by Canadians. Any programmes to increase equity investments by Canadians in our economy could tend to reduce the amount of funds invested in municipal securities, unless aggregate personal savings are also increased or unless other special arrangements are made for the financing of municipal capital projects.

#### Possibility of implementation of Carter Report

The foregoing comments on the effect of implementation of the Carter Commission proposals should be considered in the light of the Budget Speech delivered by the Minister of Finance in the House of Commons on November 31, 1967.

From this Budget Speech, it is concluded that the Report's proposals will not be adopted as a package, possibly, due in part to the inadequate government revenues that would be derived therefrom. One proposal which represents a substantial loss of revenue and which, accordingly, might well not be adopted is the suggested integration of personal and corporation income taxes. Another proposal which would produce additional revenues and might be adopted would be some form of capital gains tax.



The rejection of integration and the adoption of a form of capital gains tax might produce the opposite effect on equity prices to that discussed above as resulting from implementation of the Report's proposals; a simple tax on capital gains would make debt securities relatively more attractive compared to equity investments.

A tax on capital gains would have a noticeable effect on yields obtained from equity investments and, therefore, would tend to decrease stock prices. Of perhaps equal importance is the psychological effect it will have on market investors who may now be lured by the magic of a tax-free capital gain. A tax on capital gains could be expected to make fixed income investments more attractive at present yields and might even conceivably cause a small downward shift in interest rates. However, a capital gains tax would not likely have a noticeable effect in this respect, since the total impact of a modified tax on capital profits might not be too severe.

#### Effect on the City of Toronto

Municipalities and other institutions which rely heavily on debenture financing would, therefore, likely, for the reasons set out above, be faced with substantially







increased costs on new security issues at least in the early years following the implementation of the Carter Report. In order to meet the increased borrowing costs and, at the same time maintain desired services, municipalities will be required either to obtain higher revenues through taxation and transfer payments from other levels of government or, less desirably, to increase further their borrowings.

The Report of the Ontario Committee on Taxation predicted that Ontario municipalities would increase their net borrowings considerably during the next ten years. Any increase in the cost of borrowed funds to municipalities will in these circumstances have an onerous effect on municipalities and result in a substantial additional burden on their financial resources. The impact of increased costs on the City of Toronto is set out in Exhibit A on p.17.

The total outstanding debt of the City of Toronto, including the City's estimated share of outstanding Metropolitan Toronto debt, amounted to approximately \$465 million at December 31, 1967. The average effective interest rate currently being paid by the City on such outstanding debt has been estimated (based on information received from City and Metro officials) as approximately 5.4%.



EXHIBIT ACITY OF TORONTO

Estimated outstanding debt applicable  
to City at December 31, 1967

|  | <u>\$ Millions</u> |
|--|--------------------|
| Total funded debt  | \$113.8            |
| City's estimated share of gen-<br>eral debt of Metropolitan<br>Toronto | 348.9              |
| City's unfunded debt to Metro  | <u>2.4</u>         |
|  | <u>\$465.1</u>     |
| <u>Estimated average effective interest<br/>rate on above debt</u>     | <u>5.42%</u>       |

|  | <u>\$ Millions</u> | <u>Equivalent<br/>to Mills<br/>on City<br/>Tax Rate</u> |
|--|--------------------|---|
| <u>Estimated annual interest expense on<br/>above debt chargeable to City Tax-<br/>payers</u>                          | <u>\$25.2</u>      | <u>12.0</u>   |
| <u>Increase in annual interest expense on<br/>above debt if average interest rate<br/>on City's debt increases to:</u> |                    |   |
| 7.0%   | <u>\$7.4</u>       | <u>3.5</u>  |
| 7.5%   | <u>\$9.7</u>       | <u>4.6</u>  |
| 8.5%   | <u>\$14.3</u>      | <u>7.8</u>  |

Note All calculations above are estimates only, and have been based on information (some of which is preliminary or estimated) furnished by City officials. One mill in the City's tax rate has been assumed to be equivalent to \$2.1 million of tax revenue.



The current yield rate on long-term Metropolitan Toronto debentures is approximately 7.5%. If there was no further change in interest rates or in level of net municipal borrowings, the annual net cost to the City of servicing its existing debt would, over the next few years, increase by \$9.68 million annually (equivalent to 4.6 mills on the tax rate) as existing debt issued at lower interest rates in prior years was redeemed and replaced by new debt bearing higher interest rates. If effective interest rates on municipal debentures were to increase by a further one percentage point, the City would be faced with an additional annual expense of close to \$5 million. Furthermore, as the City's total debt burden increases in future years, the additional costs to the City mentioned above will themselves be substantially increased.

Impact of inflation on investors in municipal securities

One of the major factors contributing to the present abnormally high interest rates on debt securities (including municipal debentures) is the present inflationary trend in prices and wages in Canada. The effect of this inflation, when coupled with our present income tax system, is to make fixed income securities relatively unattractive to investors and to require that rates of interest, which are unusually high in



the historic sense, be offered in order to induce investors to purchase such securities.

The primary impact of inflation on any fixed income security is that the value of the dollars invested in the security declines over time. An investor purchasing a bond or debenture finds that when security is ultimately repaid, the dollars which he receives on redemption are worth substantially less than the dollars which he originally invested. More and more investors are beginning to realize the impact of inflation on long-term investments in fixed dollar securities, and are coming to demand higher and higher interest rates as compensation for being locked into securities having no effective protection against inflation in prices nor the consequent deterioration in the real value of the country's currency. It is for this reason also that investment in common stocks and equities is becoming relatively more attractive for many investors, since such stocks may offer a "hedge" against inflation, and investors may expect the prices of such securities to rise as fast as general price levels.

It is, of course, also true that what investors lose by the ravages of inflation on fixed income securities, the borrowers (including municipalities) gain. Municipalities







issuing debentures in the past, which they are now redeeming, are repaying dollars having a substantially lower real value than the dollars which they received. This means that the municipality may have, in a real economic sense, gained substantially as a result of borrowing the funds, even though this gain is not reflected in the financial statement of a municipality. The effect of inflation is to erode continually the real burden of the municipalities' outstanding debt at the expense of the persons who hold that debt.

Under our present tax system, no recognition is given either to the loss in real terms which investors in fixed dollar securities sustain, through being repaid dollars having less real worth than the dollars which they invested, or to the gains which borrowers realize through repayment of loans in depreciated currency. This system results at the same time in making lenders more reluctant to lend their funds on such securities, and borrowers more anxious to borrow such funds; and this in turn means substantially increased pressures on capital markets and interest costs. The Carter Report, while recognizing this problem in general terms, did not advance any recommendations or suggest any change in this area. The impact of inflation on the real return on investments in fixed



dollar securities has been illustrated in a simplified manner in Exhibit B, p. 22, while the trend of recent increases in the cost of living is shown in Exhibit C, p. 23.

Inflation can seriously impair the ability of the City of Toronto and other municipalities to raise the necessary capital funds for municipal development. In discussions and negotiations between the City and senior levels of government, the City may wish to express its concern about the effects of inflation on the City's ability to acquire the necessary capital funds for municipal projects.

3. Impact of Federal Sales Tax on Purchases by City of Toronto

The Carter Report suggested that the relatively few exemptions from federal sales tax now available to municipalities be curtailed. The Carter Report did, however, suggest that "if desirable" the federal government might pay grants to the Canadian municipalities to compensate for this increase in the burden of sales tax on their purchases, but made no recommendation that municipalities receive any general relief, either by way of exemption or refund, in respect of the tax which they are already paying.



EXHIBIT BCITY OF TORONTOSIMPLIFIED ILLUSTRATION OF IMPACT OF INFLATION AND INCOME TAXESON NET AFTER-TAX BOND YIELDS

|  | Actual interest rate<br>on debenture |             |            |            |
|--|--------------------------------------|-------------|------------|------------|
|  | <u>4%</u>                            | <u>8%</u>   | <u>12%</u> | <u>16%</u> |
| <u>Income tax rate 50%, with no inflation:</u>                             |                                      |             |            |            |
| Income (per \$100 debenture)   | \$4                                  | 8           | 12         | 16         |
| Income tax at 50% (Note 1)   | <u>2</u>                             | <u>4</u>    | <u>6</u>   | <u>8</u>   |
| Net profit   | <u>\$2</u>                           | <u>4</u>    | <u>6</u>   | <u>8</u>   |
| <u>Income tax rate 50%, inflation at 4.5% per year</u><br><u>(Note 2):</u> |                                      |             |            |            |
| Income (per \$100 debenture)   | \$4                                  | 8           | 12         | 16         |
| Loss on original invested capital due to<br>inflation                      | <u>4.5</u>                           | <u>4.5</u>  | <u>4.5</u> | <u>4.5</u> |
| Net profit (loss) before tax   | (.5)                                 | 3.5         | 7.5        | 11.5       |
| Income tax at 50% (no deduction allowed for<br>inflation loss)             | <u>2</u>                             | <u>4</u>    | <u>6</u>   | <u>8</u>   |
| Net profit (net loss)  | <u>\$ (2.5)</u>                      | <u>(.5)</u> | <u>1.5</u> | <u>3.5</u> |

With inflation at 4½% a year, an investor subject to a 50% marginal tax rate has to earn approximately 13% on his money to obtain the same net yield as on a 4% bond and no inflation.

A tax exempt investor would have to earn 8½% with a 4½% annual inflation in order to obtain the same net yield as on a 4% bond with no inflation.

Notes:

- (1) It is assumed that the investor has no deductible expenses or costs to offset the interest income.
- (2) The cost of living index increased by 4.52% from January, 1967 to January, 1968 (see Exhibit C).
- (3) The schedule above does not purport to show the actual impact of taxes and inflation on a typical investor since, for example, a number of factors not mentioned above may contribute to the determination of the investor's net financial position.



EXHIBIT CCITY OF TORONTOPercentage annual increase in cost of living  
in Canada

|      |       |
|------|-------|
| 1963 | 1.75% |
| 1964 | 1.80% |
| 1965 | 2.44% |
| 1966 | 3.75% |
| 1967 | 3.54% |

Percentage increase in cost of living over  
a one year period

Increase from July 1967  
over July 1966 4.09%

Increase from January 1968  
over January 1967 4.52%

Source - Dominion Bureau of Statistics





Present Position

At the present time, municipalities are allowed to purchase exempt from federal sales tax only certain specified goods for their own use, while all of their other purchases of taxable merchandise are subject to federal sales tax. The goods which municipalities can acquire free of federal sales tax are listed under the heading "Municipalities" in Schedule III to the Excise Tax Act, and include goods such as the following:

- Culverts, laminated timber, structural steel and aluminum for bridges, and precast concrete shapes for bridges and public highways systems, etc.
- Equipment (costing more than \$500 per unit) for use directly in road-making, road-cleaning, or firefighting (but not including automobiles or ordinary motor trucks).
- Goods used in sewage or drainage systems.

In addition, certain specified goods purchased by public hospitals and certain welfare institutions (both of which may receive assistance from municipalities) have also been exempted from federal sales tax.

On the other hand, municipalities presently pay federal sales tax on all other purchases of taxable goods and articles, including automobiles, trucks, general construction materials, stationery and supplies, uniforms, furniture,



furnishings and equipment, etc. (The federal sales tax is actually a tax levied on the vendor, not the purchaser, but a vendor naturally seeks to recover the tax he has to pay on the sale of goods by increasing their price, regardless of whether the vendor actually charges the tax as a separate item on his invoice.)

#### Recommendations of Commission

The Commission discussed at some length (Volume V, pages 77-78 and pages 209-218) the question of federal sales taxes to goods and services purchased by other levels of government. The Commission said that it did "not feel compelled to take a position on this contentious issue". Despite this observation, the Commission did recommend that the federal government should by one means or another, abolish the present sales tax exemptions for the provinces and their agencies, including the municipalities, with respect to at least the bulk of the goods now presently exempt from federal sales tax. The Commission stated (Volume V, page 81) that "the federal government should attempt to eliminate sales tax exemptions for other governments and their agencies and, if necessary and desirable, to compensate them through increased grants or other fiscal arrangements that would not change their net



position, but would eliminate costly administrative problems and the discrimination that would arise when government agencies using tax-exempt goods and services competed with businesses that were not exempt from sales tax."

In making this general recommendation, the Commission was apparently motivated by three main reasons:

1. The Commission felt that the present system of limited exemptions for some municipal purchases posed serious administrative difficulties for both the federal government and manufacturers in Canada, and that in order to eliminate these difficulties, the exemption should be withdrawn or more closely restricted.
2. The Commission felt that to exempt certain purchases by municipalities, such as road-making equipment, distorted the choice of a municipality in doing road work with its own equipment or through outside contractors using tax-paid equipment and discriminated between municipalities conducting certain operations (such as road-building) themselves, and those which employed the services of contractors.



3. The Commission evidently could not identify any compelling reason why, in basic theory, one government should exempt the purchases of other governments from tax.

It should be possible to clarify the existing exemptions (or even a substantial extension of them) with respect to purchases by municipalities, and the elimination of these exemptions is not necessary in order to simplify the administration of the tax. Indeed, an extension of the present exemptions to even further goods and services purchased by municipalities might equally serve to eliminate some of this confusion.

With respect to the issue of competition between private enterprise and municipal work departments in road-making and other activities, other factors (such as the efficient use of municipal employees on a year-round basis) make price competition between public works and private contractors somewhat complex in any event. It is probable that the effect of the present exemptions, or even some extension of them, would not create an undue amount of discrimination against private contracting firms in this area. Even if discrimination is felt to exist, it could be substantially reduced through







the federal government's partial tax rebates to private contractors, for example, who perform major works for the city using equipment already subject to federal sales tax.

Under present circumstances the City of Toronto pays a substantial amount of federal sales tax annually. Most of the municipalities' expenditures on construction materials and supplies, office equipment, printed material and supplies, transportation equipment, etc. is subject to a federal sales tax of 12% imposed at the manufacturers' level. (The tax rate on building materials is 11%.) The proposals for the repeal of the present exemptions put forward by the Commission would significantly increase the burden of such tax on the City.

Based on very rough and preliminary information obtained from various municipal officials, it has been estimated that the additional sales tax which might be payable by the City of Toronto on the implementation of this recommendation by the Commission, together with the tax now being paid by the City on its purchases may be summarized as follows:



|  | Approximate Annual Cost |                  |                  |
|--|-------------------------|------------------|------------------|
|  | City                    | City's           | Total            |
|  | of                      | Share of         | Cost to          |
|  | Toronto                 | Metro            | City             |
|  | \$                      | \$               | \$               |
| Additional federal sales tax which may be payable on goods now purchased exempt (bridge and sewage materials, road and fire equipment, etc.) |                         |                  |                  |
| - current expenditures )   |                         |                  |                  |
| - capital expenditures )   | 100,000                 | 300,000          | 400,000          |
| Federal sales tax now being paid on City purchases:  |                         |                  |                  |
| - current expenditures)  | 1,200,000               | 1,300,000        | 2,500,000        |
| - capital expenditures)  |                         |                  |                  |
|  | <u>1,300,000</u>        | <u>1,600,000</u> | <u>2,900,000</u> |
| Total federal sales tax payable by City if Commission's suggestions implemented  |                         |                  |                  |

The above estimated amounts have been prepared merely to indicate the approximate magnitude of the sums involved. The actual amounts will vary from year to year, depending on purchases; this is particularly true of the tax paid on capital expenditures. It was not easy to calculate the annual cost to the City of the federal sales tax now being paid on purchases of goods now considered taxable. Additional difficulties arose



when estimating the increased cost to the City that might result from the removal of the present sales tax exemptions for certain bridge materials, road-making and firefighting equipment, and sewage and drainage materials.

The Commission suggested that federal sales tax might be applied to certain goods, and more particularly services, which are presently exempt from tax, including a large number of repair services, installation work, communications, etc. In view of this possible extension of federal sales tax, the burden of this tax on the City of Toronto may increase significantly over the course of the next few years even under the system of exemptions presently afforded to municipalities. If a number of the present exemptions are withdrawn, this increase would become even more onerous. Not only must this increase be considered in terms of a higher actual level of expenditures but, in the case of materials and equipment used in the capital undertakings, there will be additional interest charges on the higher cost of a project.

By subjecting the purchases of municipalities to a significant amount of federal sales tax, the federal government is in effect shifting a portion of the burden of raising the country's total taxation requirement from its shoulders to the



municipalities. Every dollar of additional tax burden imposed upon municipal purchases means that the federal government is required to collect one dollar less from the variety of revenue sources open to it, while the municipalities must collect one dollar more from the limited revenue sources available to them. The revenue sources available to the federal government are more broadly and equitably based than those available to a municipality, and there is no justification for a shift in tax burdens from a senior government to the City. The federal Minister of Finance has specifically recognized (Report of April 1967 Conference, Canadian Tax Foundation, P. 478) that the burden of municipal real estate taxes in Canada is higher than most countries, and that such a tax is regressive and bears heavily on the poor.

Possibly, the City of Toronto should request that in any future revision of the federal sales tax legislation, the pressing requirements of the Canadian municipalities should be kept in mind. The Commission itself recognized that some system of rebates from the federal government directly to municipalities would be an appropriate means of eliminating present administrative problems with respect to exemptions for some municipal purchases. (Such rebates need not necessarily







be confined to the tax paid on purchases now exempt from tax, but could extend to the tax paid on goods presently subject to tax.) Such a rebate procedure would also avoid shifting a portion of the federal tax burden onto the shoulders of municipalities and their taxpayers.

A system of federal rebates of sales tax directly to municipalities might be more desirable than the retention or extension of the existing system of exemptions, since:

- a rebate system would only involve the municipality and the federal government, and would not cause administrative difficulties to private business.
- a rebate system would ensure that the municipality benefitted from the concession and that the saving was not retained by the manufacturer or vendor.
- the rebate could readily be calculated on a formula basis and would not involve any serious clerical problems.
- a rebate system could be designed so as to prevent tax discrimination between municipally-owned departments and private contractors.

The Carter Report also recommended that certain purchases by institutions, such as hospitals, educational



institutions, etc. should be subject to an increased burden of federal sales tax. Without discussing these recommendations in detail, it is obvious that if such institutions are required to pay increased taxes, municipalities such as the City of Toronto may be called upon, directly or indirectly, to make up a portion of such increased costs. This point should be kept in mind when evaluating any proposed changes or rebate systems with respect to federal sales taxes.

4. Additional Comment  
re Carter Report

A point worthy of note contained in the Carter Report is the controversial recommendation that all gains realized on the transfer or sale of capital assets should be included in its proposed "comprehensive tax base" and taxed as ordinary income. Under our present income tax system, profits obtained by some persons on the sale of capital assets such as real estate are considered to be "capital gains" and are not subject to income tax.

Substantial arguments have been directed against the introduction of a capital gains tax in Canada; but, the Carter Report has drawn attention to one particular form of capital gain - the untaxed profits attained through property speculation.



Our present tax laws may, therefore, tend to introduce the middleman into the process of land development and assembly, and may indirectly have the effect of increasing the cost of developed real estate to the ultimate purchaser. Furthermore, and probably much more importantly, a person who is holding real estate under our present tax law will in general stand a better chance of obtaining a tax-free capital gain on disposing of the property the longer he holds it. Such chances will be further enhanced if the owner of the property does not seek to develop it to the point where such disposal becomes necessary or likely. These rules may well retard the orderly development and expansion of a community by inhibiting the proper development and exchange of real estate holdings.

The Commission anticipated that the inclusion of all capital gains in taxable income would, along with the rest of its proposals, discourage investment in non-income-producing assets such as vacant land and, accordingly, serve in a modest way to reduce the price of land. This would come about partly because of the attractiveness of alternative investments (such as equity-stocks of Canadian companies), and partly because of the reduced after-tax return that would be available to persons making gains in real estate. It is not possible to



predict with accuracy whether the Commission's view of the probable direction of land prices would in fact obtain. However, some owners of real estate may attempt to recover any increased tax burden through an increase in the asking price of their properties, although it may well be that market conditions would prevent this.

If, as an alternative to the Commission's proposals, a tax on capital gains were introduced at rates less than those applying to ordinary income, some incentive to secure a capital gain by holding the land for a long period and by selling "en bloc" and not developing the land might still remain. The potential tax savings would, however, be substantially less, and the additional profit to be earned by the owner developing, subdividing and selling the land in individual lots could offset the disincentive to do so offered by immediate taxation of the gain.







### III. THE O.C.T. REPORT AND THE REVENUE REQUIREMENTS OF THE CITY OF TORONTO

This chapter is designed to provide an estimate of the total impact that the various O.C.T. recommendations would have had, if implemented in 1967, on the direct revenue requirements of the City of Toronto. To develop this estimate it was necessary to calculate the effect that applicable estimates would have had on Metro estimates for general and educational purposes for the same year. The specific recommendations of the O.C.T. have been analyzed and set out in the Appendixes to this Study. As a consequence, it is the total impact only that is dealt with here.

It will be appreciated that any estimate of the total impact of the principal O.C.T. recommendations must involve three major elements: the metro levy, the educational levy and the City's levy for general purposes. It is the total of these three levies which in the final analysis constitutes the tax impact on the City's ratepayers.

The calculations necessary to produce the foregoing estimates involve a number of shifts in revenues and expenditures. Thus, for example, the assumption by the Province of responsibility for the administration of justice results in a net decrease in Metro revenue requirements. In gross terms



the amount of the decrease is equal to the expenditure requirements for the administration of justice which Metro had to meet. However, the transfer of responsibility involves some revenue loss as well and this must be deducted from the expenditure figures and the result is the net decrease in revenue requirements. This further results in a decrease in the Metro levy on its constituent municipalities. As the City of Toronto currently bears a substantial proportion of this (43.56% in 1967) the City's revenue requirements are reduced accordingly. Similarly, where there is a recommended increase in a particular grant or a new grant instituted the effect is calculated in terms of the final effect on direct revenue requirements. Thus, the end product of all of these calculations is the estimate of the amount of money the City must still raise by way of direct revenue - largely the tax which must be imposed in real property.

#### Metro Revenue Requirements

The results of the calculation of the effect of the principal O.C.T. recommendations which affect revenue requirements, in terms of a revision of Metro's 1967 general estimates, are set out in Table 1, p. 39.

If the O.C.T. recommendations which have been taken into account in Table 1 had been implemented in 1967 the Metro



general levy requirements for that year would have decreased from an actual amount of \$106,081,503 to \$81,668,098 a decrease of \$24,413,405.

The City's actual share of the Metro general levy in 1967 was \$46,693,116 and under the revised Metro levy as indicated above the City's share would amount to an estimated \$35,937,312 as indicated in Table 4, p. 44. Thus, the effect of the O.C.T. recommendations, if these had been implemented in 1967, would have been to produce a reduction in the City's share of the Metro levy in that year of approximately \$10,755,804 - a decrease of over 23 per cent.

#### Metro Levy for Education - Public Schools

The effects of the O.C.T. recommendations affecting revenue requirements in terms of the 1967 Metropolitan Toronto education levies for both public and separate schools are set out in Table 2, p. 41.

It will be noted that the 1967 levy for the support of public schools was as follows:

|            |                      |
|------------|----------------------|
| Elementary | \$119,121,379        |
| Secondary  | <u>88,016,552</u>    |
| Total      | <u>\$207,137,931</u> |





Table I

Calculation of Effect on the Municipality of  
Metropolitan Toronto's 1967 General Estimates  
Resulting from Implementation of O. C. T. Recommendations  
Affecting Revenue Requirements (a)

|  | <u>Revenue<br/>Requirements</u><br>\$ | <u>Mill Rates - General Purposes</u><br><u>Residential</u><br>\$ | <u>Commercial</u><br>\$ |
|--|---------------------------------------|--|-------------------------|
| 1966 Assessment for 1967 Taxes   |                                       | 2,860,115,134  | 2,247,943,533           |
| 1967 Metropolitan Levy for General<br>Purposes (before O.C.T.Revisions)        | 106,081,503                           | 18.77  | 23.30                   |
| Transfer of Administration of<br>Justice to Province (9:1, 21:20<br>and 21:21) | <u>(5,162,013)</u>                    | <u>(1.01)</u>  | <u>(1.01)</u>           |
| Sub-total  | <u>100,919,490</u>                    | <u>17.76</u>   | <u>22.29</u>            |
| Adjustments in Welfare Costs:  |                                       |  |                         |
| -Child Welfare (21:9)  | (1,862,151)                           |  |                         |
| -Homes for the Aged (21:10)  | ( 475,872)                            |  |                         |
| -Indigent's hospitalization (21:11)  | ( 231,113)                            |  |                         |
| -Homemakers' and Nurses' Services (21:12)                                      | <u>( 108,663)</u>                     |  |                         |
| Total Welfare Grants   | (2,677,799)                           | (.52)  | (.52)                   |
| Community Enrichment Grant:  |                                       |  |                         |
| -termination of existing grants (21:18)  | 220,000                               |  |                         |
| -establishment of new \$2.00<br>per capita grant (21:19)                       | <u>(3,691,808)</u>                    |  |                         |
| Total Net Gain   | (3,471,808)                           | (.68)  | (.68)                   |
| Municipal Unconditional Grant:   |                                       |  |                         |
| -repeal of existing Act (21:23)  | 12,954,914                            | 4.53   | n/a                     |
| -institution of new<br>unconditional grant (21:25)                             | <u>(20,872,098)</u>                   | <u>(4.09)</u>  | <u>(4.09)</u>           |
| Net Gain Unconditional Grants  | (7,917,184)                           | -  | -                       |
| Basic Shelter Exemption Grant (11:11)<br>(21:24)                               | <u>(7,234,601)</u>                    | (1.42)   | (1.42)                  |
| Sub-total  | 79,618,098                            | 15.58  | 15.58                   |
| Charitable Institutions  |                                       |  |                         |
| -municipal grant at 75 per cent<br>of taxes from same (12:15)                  | <u>2,050,000</u>                      | <u>0.40</u>  | <u>0.40</u>             |
| Total-Revised Metro General<br>Revenue Requirements                            | <u>81,668,098</u>                     | <u>15.98</u>   | <u>15.98</u>            |

## Notes:

(a) O. C. T. recommendations are indicated in brackets by the number of each recommendation contained in the O. C. T. Report.

(b) The assessment totals and mill rates given here differ from those shown in other tables due to imputed assessments on grant-in-lieu paying government properties which Metro takes into consideration in determining and apportioning its levy, and to the City's partial graded exemption which is not recognized by Metro.





The revised levy, incorporating the O.C.T. recommendations, has been estimated at

|            |                   |
|------------|-------------------|
| Elementary | \$ 94,955,773     |
| Secondary  | <u>68,174,247</u> |
| Total      | \$163,130,020     |

Thus, the revised Metro educational levy for the support of public schools represents an approximate decrease of \$44,007,911 in Metro revenue requirements or about 22 percent.

The City's share of the actual 1967 Metro levy for the support of public schools amounted to \$90,168,023. Under the revised Metro levy for public schools it has been estimated that the City's share would drop to \$70,428,327 - a decrease of \$19,739,696 or almost 23 per cent.

#### Metro Levy for Education - Separate Schools

Table 2, p.41 reveals that the 1967 Metro levy for the support of separate schools was \$10,075,006. As a result of the O.C.T. recommendations the actual revenue requirements for separate schools would rise to an estimated \$14,065,992. The City's actual share of the 1967 Metro separate school levy was \$4,061,805 and it has been estimated that this would increase under the revised Metro separate school levy to \$7,713,395 - an increase of \$3,651,590.



Table 2

Calculation of the Effect on the Educational  
Levy for Metropolitan Toronto (1967) from  
Implementation of O. C. T. Recommendations  
Affecting Revenue Requirements (a)

| 1966 Metropolitan Toronto Assessment <sup>(b)</sup><br>for 1967 Taxes |  | Public Elementary | Secondary     | Separate <sup>(c)</sup> |
|---|--|-------------------|---------------|-------------------------|
| -Residential:   |  | 2,511,053,923     | 2,860,226,797 | 333,909,466             |
| -Commercial:  |  | 2,139,258,414     | 2,205,554,126 | 61,891,729              |
| Total   |  | 4,650,312,337     | 5,065,780,923 | 395,810,195             |

|   | <u>Revenue Requirements</u> |                   |                           | <u>Weighted Average<br/>1967 Residential and Commercial<br/>Mill Rates</u> |              |              |
|---|-----------------------------|-------------------|---------------------------|--|--------------|--------------|
|   | Public<br>Elementary        | Secondary         | Separate                  | Public<br>Elementary   | Secondary    | Separate     |
|   | \$                          | \$                | \$                        |  |              |              |
| 1967 Educational Levy   | 119,121,379                 | 88,016,552        | 10,075,006                | 25.62  | 17.37        | 25.45        |
| Increase General Legislative<br>Grants by one third (8:1)   | (10,625,000)                | (9,375,000)       | (4,045,000)               | (2.28)   | (1.85)       | (10.22)      |
| Assumption of Costs of English,<br>French and Citizenship Courses<br>by Province (20:7)   | -                           | (178,000)         | (35,000)                  |  | (.03)        | (.09)        |
| Elimination of Corporation Tax<br>Adjustment Grant (20:4 & 20:5)  | -                           | -                 | 10,900,000 <sup>(d)</sup> |  |              | 22.54        |
| Restoration of Corporation Tax<br>Adjustment Grant to Bring<br>Provincial Contribution to<br>School Board to a 45% Level<br>(Allocated on Basis of General<br>Legislative Grants) (8:1) | (4,817,000)                 | (4,250,000)       | (1,833,000)               | (1.04)   | (.84)        | (4.63)       |
| Add Basic Shelter Exemption<br>Grant (11:11) (21:24)  | (8,723,606)                 | (6,039,305)       | 966,014                   | (1.83)   | (1.19)       | (2.52)       |
| Total Revised 1967 Revenue<br>Requirements for Education<br>Purposes  | <u>94,955,773</u>           | <u>68,174,247</u> | <u>14,065,992</u>         | <u>20.42</u>   | <u>13.46</u> | <u>30.53</u> |

## Notes:

- (a) O. C. T. recommendations are indicated in brackets by the number of each recommendation contained in the O. C. T. Report.
- (b) The assessment totals and mill rates given here differ from those shown in other tables due to imputed assessments on grant-in-lieu paying government properties which Metro takes into consideration in determining and apportioning its levy, and to the City's partial graded exemption which is not recognized by Metro.
- (c) Public and separate figures do not quite add to the secondary total due to a small union separate school board in Etobicoke which is excluded from the Metropolitan Separate School Board figures used here.
- (d) This is more than offset by the shift in the separate school participation in corporation taxes.



The increase in the separate school levy is attributable to the abolition of the Corporation Tax Adjustment Grant for separate school support as recommended by the O.C.T. However, this increase is more imaginary than real for the O.C.T. has also recommended that a new formula be adopted which would provide separate schools with a much larger share of the revenue from the property tax on corporations which cannot now be directed to the support of separate schools. In this connection see Appendix I p.89 dealing with O.C.T. recommendation 8:1.

#### City of Toronto General Levy

The direct revenue requirements of the City of Toronto for general purposes in 1967 amounted to \$53,375,348 as indicated in Table 3, p.43 . Under the revised estimates based on the implementation of O.C.T. recommendations affecting directly the revenue requirements of the City of Toronto, it has been calculated that the City's levy for general purposes would drop to \$47,235,030, representing a decrease of \$6,140,318 or just over 11 percent.

A point which should be noted is that the conversion to taxable assessment of government property formerly classified as exempt but paying grants in lieu of taxes has the effect, from the point of view of accounting, of classifying the resulting yield as direct revenue. This is revealed in Table 3,





Calculation of the Effect on the City of  
Toronto's 1967 General Estimates of  
Implementation of O. C. T. Recommendations  
Affecting Revenue Requirements (a)

|   | <u>Revenue<br/>Requirements</u><br>\$ | <u>Mill Rates - General Purposes</u> |                   |
|---|---------------------------------------|--------------------------------------|-------------------|
|   |                                       | <u>Residential</u>                   | <u>Commercial</u> |
| 1966 Assessment for 1967 Taxes  |                                       | \$922,191,221                        | \$1,146,086,360   |
| 1967 City direct revenue requirements balance O. C. T. revision   | 53,375,348                            | 25.45                                | 26.09             |
| . Licence and permit fees set at levels within 20% of costs (17:2)  | (540,535)                             | (.26)                                | (.26)             |
| . Abolition of present health grants and substitution of a provincial grant to cover 50% of approved health expenditure (21:15 & 21:16) | (2,039,966)                           | (.99)                                | (.99)             |
| . Abolition of existing community service type grants (21:18)   | 327,454                               | .16                                  | .16               |
| . Abolition of grants presently received under the Police and Fire Departments Act (21:21)  | 88,510                                | .04                                  | .04               |
| . Basic Shelter Exemption Grant (11:11) (21:24)   | (3,975,781)                           | (1.92)                               | (1.92)            |
| <u>Revised 1967 City Direct Revenue Requirements</u>  | <u>47,235,030</u>                     | <u>22.48</u>                         | <u>23.12</u>      |

Additions:

Grants in lieu of taxes on exempt government property now to be received as direct tax revenue.

|   | <u>1966<br/>Actual</u> | <u>1967<br/>Estimates</u> |                                 |                             |
|---|------------------------|---------------------------|---------------------------------|-----------------------------|
| Government of Canada  | 2,477,000              | 2,200,000                 |                                 |                             |
| Government of Canada enterprises  | 151,000                | 140,000                   |                                 |                             |
| Province of Ontario and its enterprises   | 3,020,000              | 2,860,000                 |                                 |                             |
| Public Utilities  | <u>4,252,000</u>       | <u>3,400,000</u>          | <u>8,600,000</u> <sup>(b)</sup> | <u>4.16</u><br><u>27.28</u> |
| Revised 1967 City direct revenue requirements with conversion of grants in lieu of taxes to tax revenue |                        | <u>55,835,030</u>         | <u>26.64</u>                    |                             |

Notes:

(a) O. C. T. recommendations are indicated in brackets by the number of each recommendation contained in the O. C. T. Report.

(b) In actual fact the City's direct revenue requirements will be increased by the inclusion of government property formerly exempt but which provided grants in lieu of taxes. Thus, the amounts shown are converted from grants to direct revenue from taxation. The total amount shown of \$8,600,000 was taken from the 1967 Estimates as these have been used throughout. However, the actual amount received by the City in 1967 was \$9,900,000.





Summary of Revised Tax Revenue Requirements  
Resulting from O. C. T. Recommendations

|   | General<br>Purposes<br>\$ | Total<br>\$ | Education Purposes         |                 |                              | Total<br>\$ |
|---|---------------------------|-------------|----------------------------|-----------------|------------------------------|-------------|
|   |                           |             | Public<br>Elementary<br>\$ | Secondary<br>\$ | Separate<br>Elementary<br>\$ |             |
| 1. City Requirements                                      | 47,235,030 <sup>(1)</sup> | 1,725,863   | 730,727                    | 995,136         |                              | 48,960,893  |
| 2. Metro Requirements                                     | 81,668,098                | 163,130,020 | 94,955,773                 | 68,174,247      | 14,065,992                   | 258,864,110 |
| 3. -City's Share  | 35,937,312                | 70,428,327  | 40,428,945                 | 29,999,382      | 7,713,395                    | 114,079,034 |
| 4. -Boroughs' Share                                       | 45,730,786                | 92,701,693  | 54,526,828                 | 38,174,865      | 6,352,597                    | 144,785,076 |
| Total on City<br>Taxpayers<br>(Total of 1 and<br>2 above) | 83,172,342                | 72,154,190  | 41,159,672                 | 30,994,518      | 7,713,395                    | 163,039,927 |

Note:  
(1) See Table 3



p. 43. The amount shown of \$8,600,000 in this category is the actual amount of grants in lieu of taxes on government properties contained in the 1967 general estimates of the City of Toronto. This has been treated as tax revenue with the result that it has the effect of actually raising direct revenue requirements. However, the result should be regarded as attributable to the manner in which this has been treated for purposes of the Study rather than an actual increase in direct revenue requirements.

#### Consolidated Tax Revenue Requirements

As indicated at the beginning of this Chapter, it is the total of the three lines - Metro general, Metro education and City general - that make up the total impact on the taxpayers of the City of Toronto. The results already indicated for each of these have been consolidated in Table 4, p. 44.

A comparison of the revised total tax revenue requirements with the actual levies of 1967 reveals that if the O.C.T. recommendations had been implemented in that year the change in the levies would have been as follows on the next page:



|   | Actual<br><u>1967</u><br>\$ | Revised<br>O. C. T.<br><u>1967</u><br>\$ | <u>Decrease</u><br>\$ |
|---|-----------------------------|--|-----------------------|
| City of Toronto Share<br>Metro General Levy   | 46,693,116                  | 35,937,312                               | 10,755,804            |
| City of Toronto Share<br>Metro Education Levy | 90,168,023                  | 70,428,327                               | 19,739,696            |
| Toronto Board of<br>Education Levy            | 1,726,163                   | 1,726,163                                | -                     |
| City of Toronto<br>General Levy               | <u>53,375,348</u>           | <u>47,235,030</u>                        | <u>6,140,318</u>      |
|   | <u>191,962,650</u>          | <u>155,326,832</u>                       | <u>36,635,818</u>     |

Thus, the total estimated decrease in direct City revenue requirements, if the O.C.T. recommendations had been implemented in 1967, is approximately \$36,635,818 for City, Metro and public school purposes. This should be considered along with the position of separate school revenue requirements to the taxable assessment base of the City after adjustments in the light of O.C.T. recommendations to estimate the effect on property tax rates. More particularly, it is necessary to assess the tax impact in terms of individual properties. These matters are dealt with in the succeeding Chapter of this Study.



#### IV. ASSESSMENT, MILL RATES AND THE TAXPAYER

After estimating the revised direct revenue requirements, the next logical step is to ascertain their probable impact on the City of Toronto's tax base. This Chapter now discusses the assessment picture and the tax levies which would be necessary to give effect to the recommendations of the O.C.T.

Table I, p.48 reveals the actual taxable assessment in 1966 which constituted the base for taxation in 1967 for the City of Toronto. Table II, p.49 provides the same data for the five Metro boroughs. The totals of these two tables furnish the actual assessment for the Municipality of Metropolitan Toronto.

##### Tax Exempt Property

The O.C.T. recommended that a number of classes of property, currently enjoying either partial or full exemption from taxation, be added to the taxable assessment. Such properties include, for example, those of institutions of higher learning, private schools, public hospitals, cemeteries and charitable organizations. In addition, property of the Crown in the right of Canada and the Province of Ontario are to be added to taxable assessment in accordance with the recommendations of the O.C.T. (See Table III, p.52). It is likely that





Actual Taxable Assessment 1966 for 1967 Taxation Year  
City of Toronto

| Category   | Real Property      |                    | Business           |                    | Total              |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | Total<br>\$        | Public<br>\$       | Separate<br>\$     | Total<br>\$        | Public<br>\$       | Separate<br>\$     |
| Residential - Houses   | 535,818,324        |                    |                    | 535,818,324        |                    |                    |
| - Multiple Dwellings   | 338,156,962        |                    |                    | 338,156,962        |                    |                    |
| - Total  | 873,975,286        | 751,703,580        | 122,271,706        | 873,975,286        | 751,703,580        | 122,271,706        |
| - Portion exempt from City General Rate (inc. in residential total above)            | (40,905,917)       | (35,629,054)       | (5,276,863)        | (40,905,917)       | (35,629,054)       | (5,276,863)        |
| Institutional - Exempt from City and Metro general and special rates                 | 276,131            | 276,131            |                    | 276,131            | 276,131            |                    |
| Professional and Commercial @ Residential Rate (not subject to business assessment)  | 80,958,917         | 79,379,746         | 1,579,171          | 80,958,917         | 79,379,746         | 1,579,171          |
| Manufacturing and Industrial @ Residential Rate (not subject to business assessment) | 7,886,804          | 7,509,691          | 377,113            | 7,886,804          | 7,509,691          | 377,113            |
| Total Subject to Residential Rate  | <u>963,097,138</u> | <u>838,593,017</u> | <u>124,227,990</u> | <u>963,097,138</u> | <u>838,869,148</u> | <u>124,227,990</u> |
| Commercial - Transportation & Communication (special assessments) (a)                | 109,228,492        | 109,228,492        |                    | 3,423,019          | 3,423,019          |                    |
| Professional and Commercial  | 579,133,720        | 555,955,505        | 23,178,215         | 235,075,972        | 227,828,013        | 7,247,959          |
| Manufacturing and Industrial   | <u>132,236,603</u> | <u>129,455,981</u> | <u>2,780,622</u>   | <u>86,988,554</u>  | <u>85,892,437</u>  | <u>1,096,117</u>   |
| Total Subject to Commercial Rate   | <u>820,598,815</u> | <u>794,639,978</u> | <u>25,958,837</u>  | <u>325,487,545</u> | <u>317,143,469</u> | <u>8,344,076</u>   |
| Total Taxable  | 1,783,695,953      | 1,731,778,279      | 51,917,674         | 325,487,545        | 317,143,469        | 8,344,076          |
|  |                    |                    |                    | 2,109,183,498      | 1,950,652,595      | 158,530,903        |

Note: (a) A considerable proportion of the assessment for transportation and communication enterprises is in the form of gross receipts and not real property valuations.



Actual Taxable Assessment 1966 for 1967 Taxation Year  
Five Metro Boroughs

| Category  | Real Property |               | Business       |               | Total         |                |
|---|---------------|---------------|----------------|---------------|---------------|----------------|
|   | Total<br>\$   | Public<br>\$  | Separate<br>\$ | Total<br>\$   | Public<br>\$  | Separate<br>\$ |
| Residential - Houses  | 1,417,394,153 |               |                | 1,417,394,153 |               |                |
| - Multiple Dwellings  | 378,850,304   |               |                | 378,850,304   |               |                |
| - Total   | 1,796,244,457 | 1,576,594,316 | 219,650,141    | 1,796,244,457 | 1,576,594,316 | 219,650,141    |
| Farm - Residential Portion<br>per O.C.T.  | 2,500,000     | 2,374,167     | 125,833        | 2,500,000     | 2,374,167     | 125,833        |
| - Working Farm Portion<br>per O.C.T.  | 2,627,937     | 2,495,385     | 132,552        | 2,627,937     | 2,495,385     | 132,552        |
| Professional and Commercial<br>@ Residential Rate<br>(not subject to business<br>assessment)  | 52,658,533    | 49,641,666    | 3,016,867      | 52,658,533    | 49,641,666    | 3,016,867      |
| Manufacturing and Industrial<br>@ Residential Rate<br>(not subject to business<br>assessment) | 40,037,700    | 38,831,566    | 1,206,134      | 40,037,700    | 38,831,566    | 1,206,134      |
| Total Subject to Residential<br>Rate  | 1,894,068,627 | 1,669,937,100 | 224,131,527    | 1,894,068,627 | 1,669,937,100 | 224,131,527    |
| Commercial - Transportation &<br>Communication<br>(special assessments) (a)                   | 66,803,162    | 66,803,162    |                | 66,803,726    | 66,803,726    |                |
| Professional and Commercial   | 329,076,931   | 310,167,116   | 18,909,815     | 131,514,384   | 125,320,905   | 6,193,479      |
| Manufacturing and Industrial  | 244,485,832   | 240,415,623   | 4,070,209      | 147,419,389   | 144,481,240   | 2,938,149      |
| Total Subject to Commercial<br>Rate   | 640,365,925   | 617,385,901   | 22,980,024     | 278,934,337   | 269,802,709   | 9,131,628      |
| Total Taxable   | 2,534,434,552 | 2,287,323,001 | 247,111,551    | 278,934,337   | 269,802,709   | 9,131,628      |
|   |               |               |                | 2,813,368,889 | 2,557,125,710 | 256,243,179    |

Note: (a) A considerable proportion of the assessment for transportation and communication enterprises is in the form of gross receipts and not real property valuations.



the assessment figures obtained for this Study with respect to these properties were established many years ago and do not therefore reflect the present basis of valuation utilized for taxable property. This would probably mean a greater assessment yield if the figures were updated.

In assembling the data with respect to these different categories of tax-exempt property a couple of matters appeared in sharp focus. For example, the assessed value of property owned by institutions of higher learning in the City of Toronto amounted to \$78,414,828 in 1966<sup>(1)</sup> compared to \$27,671,090 in the five Metro boroughs. A similar disparity exists with respect to public hospitals where the value of such currently exempt property amounted in 1966 to \$63,915,056 in the City of Toronto as compared to \$25,010,146 in the five Metro boroughs. This pattern is also shown in the totals of all non-government tax exempt property. The value of such in the City of Toronto in 1966 was \$201,588,164 and in the five Metro boroughs \$114,058,601.

The total assessed value of the property owned by all levels of government currently not paying any grants in lieu of taxes amounts to \$110,836,322 for the Metro area in terms of the 1966 assessment with \$59,098,337 in the City of Toronto and \$51,737,989 in the five Metro boroughs. The grand total of all

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(1) Used in 1967 for taxation purposes.





property, both government and non-government, in the Metro area, based on the 1966 assessment, amounted to \$499,849,145 of which \$311,133,363, or just over 60 per cent, was located in the City of Toronto. Table III, p.52 sets out the data in detail with respect to all categories of presently tax-exempt property which is to be added to taxable assessment in the City of Toronto as per the recommendations of the O.C.T. Table IV, p.53 provides similar information with respect to the five Metro boroughs.

The O.C.T. Report, in Vol.II, Ch. 12, para. 83, p.149, discusses the "properties of foreign governments" and indicates that "the federal government makes payments for the embassies in the Ottawa area". It is further pointed out that the federal government "has no direct obligation respecting these or any other foreign government properties, and the Municipal Grants Act makes no mention of them." In this matter, the O.C.T. Report suggests that "the federal and provincial governments between them must assume responsibility for each such property to leave the municipalities in which they are located under some financial handicap."

In the City of Toronto the estimated total assessed value of the properties of foreign governments, e.g. consulates, etc., is \$611,920. No such property is located in the five Metro



Table III

Present Tax-Exempt Assessment to be Added to Taxable Assessment as Recommended by O.C.T.

## City of Toronto

| Class  | Residential (a) |   |             |            | Commercial (a) |                    |              |                            | Total      |                          |             |            |
|--|-----------------|---|-------------|------------|----------------|--------------------|--------------|----------------------------|------------|--------------------------|-------------|------------|
|  | Total           | Taxable (35% Places of Worship, 70% Others) (b) |             |            | Total          | Taxable (100%) (c) |              | Taxable Owner and Occupant |            | Residential & Commercial | Public      | Separate   |
|  |                 | Total   | Public      | Separate   |                | Owner 50%          | Occupant 50% | Public                     | Separate   |                          |             |            |
| Non-Government                                       | \$              | \$  | \$          | \$         | \$             | \$                 | \$           | \$                         | \$         | \$                       | \$          | \$         |
| Inst. of Higher Learning                             | 78,414,828      | 54,890,380                                      | 41,568,485  | 13,321,895 | 1,600,302      | 800,151            | 800,151      | 1,211,369                  | 388,933    | 56,490,682               | 42,779,854  | 13,710,828 |
| Private Schools                                      | 10,248,884      | 7,174,219                                       | 5,433,036   | 1,741,183  | 209,160        | 104,580            | 104,580      | 158,397                    | 50,763     | 7,383,379                | 5,591,433   | 1,791,946  |
| Public Hospitals                                     | 63,915,056      | 44,740,538                                      | 33,882,009  | 10,858,529 | 1,304,388      | 652,194            | 652,194      | 987,813                    | 316,575    | 46,044,926               | 34,869,822  | 11,175,104 |
| Places of Worship                                    | 37,027,715      | 12,959,700                                      | 9,814,381   | 3,145,319  | -              | -                  | -            | -                          | -          | 12,959,700               | 9,814,381   | 3,145,319  |
| Cemeteries   | -               | -   | -           | -          | -              | -                  | -            | -                          | -          | -                        | -           | -          |
| Charitable Organizations                             | 11,981,681      | 8,387,177                                       | 6,351,609   | 2,035,568  | 244,524        | 122,262            | 122,262      | 185,178                    | 59,346     | 8,631,701                | 6,536,787   | 2,094,914  |
| Total Non-Government                                 | 201,588,164     | 128,152,014                                     | 97,049,520  | 31,102,494 | 3,358,374      | 1,679,187          | 1,679,187    | 2,542,757                  | 815,617    | 131,510,388              | 99,592,277  | 31,918,111 |
| <b>Government - Federal</b>                          |                 |   |             |            |                |                    |              |                            |            |                          |             |            |
| Crown - Paying (d)                                   | 25,021,367      | 17,514,957                                      | 13,264,077  | 4,250,880  |                |                    |              |                            |            | 17,514,957               | 13,264,077  | 4,250,880  |
| Crown Agency - Paying                                |                 |   |             |            | 1,518,650      | 759,325            | 759,325      | 1,150,074                  | 368,576    | 1,518,650                | 1,150,074   | 368,576    |
| Foreign Govts. Not Paying                            | 611,920         | 428,344   | 324,385     | 103,959    |                |                    |              |                            |            | 428,344                  | 324,385     | 103,959    |
| Total Federal  | 25,633,287      | 17,943,301                                      | 13,588,462  | 4,354,839  | 1,518,650      | 759,325            | 759,325      | 1,150,074                  | 368,576    | 19,461,951               | 14,738,536  | 4,723,415  |
| <b>Government - Provincial</b>                       |                 |   |             |            |                |                    |              |                            |            |                          |             |            |
| Crown - Paying                                       | 25,331,615      | 17,732,130                                      | 13,428,542  | 4,303,588  |                |                    |              |                            |            | 17,732,130               | 13,428,542  | 4,303,588  |
| Crown Agency - Paying - HEPC - Other                 | 93,880          | 65,716  | 49,767      | 15,949     | 6,178,545      | 3,089,272          | 3,089,273    | 4,679,012                  | 1,499,533  | 6,244,261                | 4,728,779   | 1,515,482  |
|  |                 |   |             |            | 9,964,170      | 4,982,085          | 4,982,085    | 7,545,866                  | 2,418,304  | 9,964,170                | 7,545,866   | 2,418,304  |
| Crown - Not Paying                                   | 18,905,728      | 13,234,010                                      | 10,022,116  | 3,211,894  |                |                    |              |                            |            | 13,234,010               | 10,022,116  | 3,211,894  |
| Crown Agency - Not Paying                            |                 |   |             |            | 8,919,284      | 4,459,642          | 4,459,642    | 6,754,574                  | 2,164,710  | 8,919,284                | 6,754,574   | 2,164,710  |
| HEPC Increase due to 13:2                            |                 |   |             |            | 929,567        | 464,784            | 464,783      | 703,961                    | 225,606    | 929,567                  | 703,961     | 225,606    |
| Total Provincial                                     | 44,331,223      | 31,031,856                                      | 23,500,425  | 7,531,431  | 25,991,566     | 12,995,783         | 12,995,783   | 19,683,413                 | 6,308,153  | 57,023,422               | 43,183,838  | 13,839,584 |
| <b>Government - Municipal</b>                        |                 |   |             |            |                |                    |              |                            |            |                          |             |            |
| Revenue Earning - Paying                             |                 |   |             |            | 31,382,016     | 15,691,008         | 15,691,008   | 23,765,601                 | 7,616,415  | 31,382,016               | 23,765,601  | 7,616,415  |
| - Not Paying   |                 |   |             |            | 64,920,643     | 32,460,321         | 32,460,322   | 49,164,403                 | 15,756,240 | 64,920,643               | 49,164,403  | 15,756,240 |
| Increase due to 13:2                                 |                 |   |             |            | 3,998,809      | 1,999,405          | 1,999,404    | 3,028,298                  | 970,511    | 3,998,809                | 3,028,298   | 970,511    |
| Other Municipalities' Properties (Not Paying) County | 1,020           | 714   | 541         | 173        |                |                    |              |                            |            | 714                      | 541         | 173        |
| Boroughs   | 65,662          | 45,963  | 34,411      | 11,552     |                |                    |              |                            |            | 45,963                   | 34,411      | 11,552     |
| - Metro: Jails and Courts                            | 13,502,305      | 9,451,614                                       | 7,157,707   | 2,293,907  |                |                    |              |                            |            | 9,451,614                | 7,157,707   | 2,293,907  |
| Metro: Other   | 26,011,702      | 18,208,191                                      | 13,789,063  | 4,419,128  |                |                    |              |                            |            | 18,208,191               | 13,789,063  | 4,419,128  |
| Total Municipal                                      | 39,580,689      | 27,706,482                                      | 20,981,722  | 6,724,760  | 100,301,468    | 50,150,734         | 50,150,734   | 75,958,302                 | 24,343,166 | 128,007,950              | 96,940,024  | 31,067,926 |
| <b>Total Govt.</b>                                   |                 |   |             |            |                |                    |              |                            |            |                          |             |            |
| Paying   | 50,446,862      | 35,312,803                                      | 26,742,386  | 8,570,417  | 49,043,381     | 24,521,690         | 24,521,691   | 37,140,553                 | 11,902,828 | 84,356,184               | 63,882,939  | 20,473,245 |
| - Not Paying   | 59,098,337      | 41,368,836                                      | 31,328,223  | 10,040,613 | 78,768,303     | 39,384,152         | 39,384,151   | 59,651,236                 | 19,117,067 | 120,137,139              | 90,979,459  | 29,157,680 |
| - Total  | 109,545,199     | 76,681,639                                      | 58,070,609  | 18,611,030 | 127,811,684    | 63,905,842         | 63,905,842   | 96,791,789                 | 31,019,895 | 204,493,323              | 154,862,398 | 49,630,925 |
| <b>GRAND TOTAL EXEMPT</b>                            | 311,133,363     | 204,833,653                                     | 155,120,129 | 49,713,524 | 131,170,058    | 65,585,029         | 65,585,029   | 99,334,546                 | 31,835,512 | 336,003,711              | 254,454,675 | 81,549,036 |

NOTES: (a) Assessment categories are as per O.C.T. recommendations.

(b) Taxable portion proposed by O.C.T.

(c) Commercial property taxed at 100 percent of which 50 percent is to be borne by the owner and 50% by the occupant. In the case of an owner who is also the occupant, the owner is liable for taxation at 100 percent but if the property is unoccupied the owner is only liable for 50 percent of Taxation.

(d) The terms "paying" and "not-paying" differentiate government properties which presently pay grants in lieu of taxes from those which do not. Under the O.C.T. recommendations, those not now paying or making only partial payments would become liable for grants in lieu of full taxation on their assessed valuations.





Table IV

Present Tax-Exempt Assessment to be Added to Taxable Assessment as Recommended by O.C.T.

## Five Metro Boroughs

| Class  | Residential (a)    |   |                   |                   |                   | Commercial (a)    |                   |                            |                  |                            | Total              |                   |
|--|--------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|------------------|----------------------------|--------------------|-------------------|
|  | Total              | Taxable (35% Places of Worship, 70% Others) (b) |                   |                   | Total             | Taxable 100% (c)  |                   | Taxable Owner and Occupant |                  | Residential and Commercial | Public             | Separate          |
|  |                    | Total   | Public            | Separate          |                   | Owner 50%         | Occupant 50%      | Public                     | Separate         |                            |                    |                   |
| Non-Government                                 | \$                 | \$  | \$                | \$                | \$                | \$                | \$                | \$                         | \$               | \$                         | \$                 | \$                |
| Inst. of Higher Learning                       | 27,671,090         | 19,369,763                                      | 15,786,357        | 3,583,406         | 564,716           | 282,358           | 282,358           | 460,244                    | 104,472          | 19,934,479                 | 16,246,601         | 3,687,878         |
| Private Schools                                | 16,478,928         | 11,535,250                                      | 9,401,229         | 2,134,021         | 336,304           | 168,152           | 168,152           | 274,088                    | 62,216           | 11,871,554                 | 9,675,317          | 2,196,237         |
| Public Capitals                                | 25,010,146         | 17,507,102                                      | 14,268,288        | 3,238,814         | 510,410           | 255,205           | 255,205           | 415,984                    | 94,426           | 18,017,512                 | 14,684,272         | 3,333,240         |
| Places of Worship                              | 31,416,815         | 10,995,885                                      | 8,961,646         | 2,034,239         | -                 | -                 | -                 | -                          | -                | 10,995,885                 | 8,961,646          | 2,034,239         |
| Cemeteries                                     | -                  | -   | -                 | -                 | -                 | -                 | -                 | -                          | -                | -                          | -                  | -                 |
| Charitable Organizations                       | 13,481,622         | 9,437,136                                       | 7,691,266         | 1,745,870         | 275,136           | 137,568           | 137,568           | 224,236                    | 50,900           | 9,712,272                  | 7,915,502          | 1,796,770         |
| Total Non-Government                           | 114,058,601        | 68,845,136                                      | 56,108,786        | 12,736,350        | 1,686,566         | 843,283           | 843,283           | 1,374,552                  | 312,014          | 70,531,702                 | 57,483,338         | 13,048,364        |
| <b>Government - Federal</b>                    |                    |   |                   |                   |                   |                   |                   |                            |                  |                            |                    |                   |
| Crown - Paying (d)                             | 14,326,266         | 10,028,386                                      | 8,173,135         | 1,855,251         |                   |                   |                   |                            |                  | 10,028,386                 | 8,173,135          | 1,855,251         |
| Crown Agency Paying                            |                    |   |                   |                   | 1,351,730         | 675,865           | 675,865           | 1,101,660                  | 250,070          | 1,351,730                  | 1,101,660          | 250,070           |
| Crown - Not Paying                             | 10,583,832         | 7,408,682                                       | 6,038,076         | 1,370,606         |                   |                   |                   |                            |                  | 7,408,682                  | 6,038,076          | 1,370,606         |
| Crown Agency Not Paying                        |                    |   |                   |                   | 1,108,284         | 554,142           | 554,142           | 903,251                    | 205,033          | 1,108,284                  | 903,251            | 205,033           |
| Total Federal                                  | 24,910,098         | 17,437,068                                      | 14,211,211        | 3,225,857         | 2,460,014         | 1,230,007         | 1,230,007         | 2,004,911                  | 455,103          | 19,897,082                 | 16,216,122         | 3,680,960         |
| <b>Government - Provincial</b>                 |                    |   |                   |                   |                   |                   |                   |                            |                  |                            |                    |                   |
| Crown - Paying                                 | 5,378,980          | 5,865,286                                       | 4,780,208         | 1,085,078         |                   |                   |                   |                            |                  | 5,865,286                  | 4,780,208          | 1,085,078         |
| Crown Agency - Paying - HEPC                   | 213,950            | 149,765   | 122,058           | 27,707            | 17,830,551        | 8,915,275         | 8,915,276         | 14,531,899                 | 3,298,652        | 17,980,316                 | 14,653,957         | 3,326,359         |
| - Other  |                    |   |                   |                   | 224,780           | 112,390           | 112,390           | 183,196                    | 41,584           | 224,780                    | 183,196            | 41,584            |
| Crown - Not Paying                             | 10,514,196         | 7,359,937                                       | 5,998,349         | 1,361,588         |                   |                   |                   |                            |                  | 7,359,937                  | 5,998,349          | 1,361,588         |
| Crown Agency - Not Paying                      |                    |   |                   |                   | 5,289,263         | 2,644,632         | 2,644,631         | 4,310,749                  | 978,514          | 5,289,263                  | 4,310,749          | 978,514           |
| HEPC Increase due to 13:2                      |                    |   |                   |                   | 1,042,093         | 521,046           | 521,047           | 849,306                    | 192,787          | 1,042,093                  | 849,306            | 192,787           |
| Total Provincial                               | 19,107,126         | 13,374,988                                      | 10,900,615        | 2,474,373         | 24,386,687        | 12,193,343        | 12,193,344        | 19,875,150                 | 4,511,537        | 37,761,675                 | 30,775,765         | 6,985,910         |
| <b>Government - Municipal</b>                  |                    |   |                   |                   |                   |                   |                   |                            |                  |                            |                    |                   |
| Revenue Earning - Paying                       |                    |   |                   |                   | 6,816,911         | 3,408,456         | 3,408,455         | 5,555,782                  | 1,261,129        | 6,816,911                  | 5,555,782          | 1,261,129         |
| - Not Paying                                   |                    |   |                   |                   | 6,708,707         | 3,354,353         | 3,354,354         | 5,467,596                  | 1,241,111        | 6,708,707                  | 5,467,596          | 1,241,111         |
| Increase due to 13:2                           |                    |   |                   |                   | 1,812,757         | 906,379           | 906,378           | 1,477,397                  | 335,360          | 1,812,757                  | 1,477,397          | 335,360           |
| Other Municipalities' Properties (Not Paying): |                    |   |                   |                   |                   |                   |                   |                            |                  |                            |                    |                   |
| County   | 24,495             | 17,147  | 13,975            | 3,172             |                   |                   |                   |                            |                  | 17,147                     | 13,975             | 3,172             |
| - Boroughs                                     | 1,256,055          | 879,238   | 716,579           | 162,659           |                   |                   |                   |                            |                  | 879,238                    | 716,579            | 162,659           |
| - Metro: Jails and Courts                      | 261,887            | 183,321   | 149,407           | 33,914            |                   |                   |                   |                            |                  | 183,321                    | 149,407            | 33,914            |
| Metro: Other                                   | 29,097,520         | 20,368,264                                      | 16,600,135        | 3,768,129         |                   |                   |                   |                            |                  | 20,368,264                 | 16,600,135         | 3,768,129         |
| Total Municipal                                | 30,639,957         | 21,447,970                                      | 17,480,096        | 3,967,874         | 15,338,375        | 7,669,188         | 7,669,187         | 12,500,775                 | 2,837,600        | 36,786,345                 | 29,980,871         | 6,805,474         |
| <b>Total Govt.</b>                             |                    |   |                   |                   |                   |                   |                   |                            |                  |                            |                    |                   |
| Paying   | 22,919,196         | 16,043,437                                      | 13,075,401        | 2,968,036         | 26,223,972        | 13,111,986        | 13,111,986        | 21,372,537                 | 4,851,435        | 42,267,409                 | 34,447,938         | 7,819,471         |
| - Not Paying                                   | 51,737,985         | 36,216,589                                      | 29,516,521        | 6,700,068         | 15,961,104        | 7,980,552         | 7,980,552         | 13,008,299                 | 2,952,805        | 52,177,693                 | 42,524,820         | 9,652,873         |
| Total  | 74,657,181         | 52,260,026                                      | 42,591,922        | 9,668,104         | 42,185,076        | 21,092,538        | 21,092,538        | 34,380,836                 | 7,804,240        | 94,445,102                 | 76,972,758         | 17,472,344        |
| <b>GRAND TOTAL EXEMPT</b>                      | <b>188,715,782</b> | <b>121,105,162</b>                              | <b>98,700,708</b> | <b>22,404,454</b> | <b>43,871,642</b> | <b>21,935,821</b> | <b>21,935,821</b> | <b>35,755,388</b>          | <b>8,116,254</b> | <b>164,976,804</b>         | <b>134,456,096</b> | <b>30,520,708</b> |

NOTES: (a) Assessment categories are as per O.C.T. recommendations.

(b) Taxable portion proposed by O.C.T.

(c) Commercial property taxed at 100 percent of which 50 percent is to be borne by the owner and 50 percent by the occupant. In the case of an owner who is also the occupant, the Owner is liable for taxation at 100 percent but if the property is unoccupied the owner is only liable for 50 percent of taxation.

(d) The terms "paying" and "not-paying" differentiate government properties which presently pay grants in lieu of taxes from those which do not. Under the O.C.T. recommendations, those not now paying or making only partial payments would become liable for grants in lieu of full taxation on their assessed valuations.



boroughs. Based on the 1967 residential public school rate in the City of Toronto on these properties the loss is estimated at \$53,807 and on the revised levy, based on O.C.T. recommendations, the City's tax loss is estimated at \$48,351.

In view of the foregoing examination the City might give consideration to the view expressed in the O.C.T. Report that "it is our opinion that the Government of Canada and the provincial governments should take up the problem of municipal taxation of the property of foreign governments at a future tax conference" in order "to ensure that full responsibility for payment is taken by one or the other senior governments for each such property."

This picture with respect to tax-exempt property is not, however, new. In 1965 the Report of the Royal Commission on Metropolitan Toronto (the Goldenberg Report) said on p. 84:

"Sixty per cent of the exempt property in the area is in the City, representing 22.5 per cent of the local property assessment."

Goldenberg went on to conclude that

"About 56 per cent of the tax-exempt property in Metro represents educational, religious, charitable and other institutions. Many of these institutions, located in the City, which is the cultural centre, serve a wider area than Metro. By virtue of their exemption from taxation, the costs of providing municipal services to them are borne entirely by the Toronto taxpayers."





Taxable Assessment Re-  
sulting from O.C.T. Proposals

The O.C.T. recommendations<sup>(1)</sup> with respect to assessment include the addition of formerly exempt property to taxable assessment, change the basis of business assessment by eliminating the split mill rate, redirect corporation school support and bring assessment up to "actual current value."<sup>(2)</sup> Table V, p. 57 shows the effect of O.C.T. recommendations in terms of the 1966 taxable assessment for the City of Toronto. In summary, the total actual taxable assessment of \$2,109,183,498 (see table I) for the City of Toronto in 1966 is reduced to \$1,380,835,497. A comparison of the data contained in Tables I, III, V, and VI reveal changes as on the following page:

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(1) See analysis of O.C.T. recommendations

|       |                     |
|-------|---------------------|
| 11:16 | Appendix V, p. 111  |
| 12:1  | Appendix VI, p. 114 |
| 12:3  | Appendix VI, p. 114 |
| 12:6  | Appendix VI, p. 115 |

(2) O.C.T. does provide a discussion of the question of "public acceptance of actual value" (Ch. 13, para. 154-163, pp. 242-244) a matter which has caused considerable concern in the City of Toronto.



|   |                           |                        |
|---|---------------------------|------------------------|
| <u>Actual 1966 Taxable Assessment</u>   |                           | \$2,109,183,498        |
| Less:   |                           |                        |
| . Commercial Assessment<br>formerly subjected to<br>business assessment               | \$325,487,545             |                        |
| . Residential assessment<br>taken at 70 per cent of<br>value - loss of 30 per<br>cent | 262,275,426               |                        |
| . Unoccupied commercial<br>industrial property<br>taxed on one-half value<br>only     | \$40,479,458<br>3,943,402 | 44,422,860             |
| . Basic Shelter Exemption<br>Grant  | 100,533,303               | <u>732,719,134</u>     |
|   |                           | 1,376,464,364          |
| Add:  |                           |                        |
| . Transportation and Communications   |                           | 4,371,133              |
| . Tax Exempt Property   |                           | <u>336,003,711</u>     |
| <u>Total Taxable Assessment - O.C.T.</u>  |                           |                        |
|   | <u>Proposals</u>          | <u>\$1,716,839,208</u> |

The effect of the O.C.T. recommendations with respect to the actual taxable assessment in 1966 of the five Metro boroughs is contained in Table VI, p.58.

#### "Actual Current Value"

One of the important proposals of the O.C.T. is that relating to assessment at "actual current value". What therefore had to be undertaken was a revision of the taxable assess-



Effect of O.C.T. Proposals on Present Taxable Assessment

City of Toronto

| Category  | Residential (a) |              |              | Commercial (a)          |              |                         | Total                    |                         |                    |
|---|-----------------|--------------|--------------|-------------------------|--------------|-------------------------|--------------------------|-------------------------|--------------------|
|   | Total           | Public       | Separate     | Owner 50%               | Occupant 50% | Public                  | Residential & Commercial | Public                  | Separate           |
|   | \$              | \$           | \$           | \$                      | \$           | \$                      | \$                       | \$                      | \$                 |
| Residential Assessment for 1967 Taxes (inc. partial graded exemption)                                   | 873,975,286     | 751,703,580  | 122,271,706  |                         |              |                         | 873,975,286              | 751,703,580             | 122,271,706        |
| Add Institutional now partly exempt, and redirect its school support                                    | 276,131         | 209,114      | 67,017       |                         |              |                         | 276,131                  | 209,114                 | 67,017             |
| Place Commercial/Industrial not subject to Business Assessment in Commercial Category (½ value)         |                 |              |              | 40,479,458<br>3,943,402 | -            | 39,689,873<br>3,754,845 | 40,479,458<br>3,943,402  | 39,689,873<br>3,754,845 | 789,585<br>188,557 |
| Place Commercial/Industrial Realty Assessment subject to Commercial Rate in 1967 in Commercial Category |                 |              |              | 410,299,407             | 410,299,408  | 794,639,978             | 820,598,815              | 794,639,978             | 25,958,837         |
| Add effect of O.C.T. 13:2 on Transportation and Communication Enterprises                               |                 |              |              | 2,185,567               | 2,185,566    | 3,310,259               | 4,371,133                | 3,310,259               | 1,060,874          |
| Redirect Corporate School Support per O.C.T. 20:4   |                 |              |              |                         |              | - 133,878,339           |                          | - 133,878,339           | + 133,878,339      |
| Net Effect of Above Changes to Present Taxable Assessment   | 874,251,417     | 751,912,694  | 122,338,723  | 456,907,834             | 412,484,974  | 707,516,616             | 1,743,644,225            | 1,459,429,310           | 284,214,915        |
| Take 70% of O.C.T. Residential and 100% of O.C.T. Commercial as Taxable                                 | 611,975,992     | 526,338,886  | 85,637,106   | 456,907,834             | 412,484,974  | 707,516,616             | 1,481,368,800            | 1,233,855,502           | 247,513,298        |
| Deduct Basic Shelter Exemption  | - 100,533,303   | - 87,564,507 | - 12,968,796 |                         |              |                         | - 100,533,303            | - 87,564,507            | - 12,968,796       |
| Net Result of O.C.T. Proposals  | 511,442,689     | 438,774,379  | 72,668,310   | 456,907,834             | 412,484,974  | 707,516,616             | 1,380,835,497            | 1,146,290,995           | 234,544,502        |

Note: (a) Assessment categories are as per O.C.T. recommendations.





Table VI

Effect of O.C.T. Proposals on Present Taxable Assessment

Five Metro Boroughs

| Category  | Residential (a) |               |              | Commercial (a)           |              |                          |                      | Total                    |                          |                      |
|---|-----------------|---------------|--------------|--------------------------|--------------|--------------------------|----------------------|--------------------------|--------------------------|----------------------|
|   | Total           | Public        | Separate     | Owner 50%                | Occupant 50% | Public                   | Separate             | Residential & Commercial | Public                   | Separate             |
|   | \$              | \$            | \$           | \$                       | \$           | \$                       | \$                   | \$                       | \$                       | \$                   |
| Residential Assessment for 1967 Taxes   | 1,796,244,457   | 1,576,594,316 | 219,650,141  |                          |              |                          |                      | 1,796,244,457            | 1,576,594,316            | 219,650,141          |
| Add Farm - Residential Portion per O.C.T.   | 2,500,000       | 2,374,167     | 125,833      |                          |              |                          |                      | 2,500,000                | 2,374,167                | 125,833              |
| Place Working Farm Portion in Commercial ( $\frac{1}{2}$ value)   |                 |               |              | 1,313,968                | -            | 1,247,692                | 66,276               | 1,313,968                | 1,247,692                | 66,276               |
| Place Commercial/Industrial not subject to Business Assessment in Commercial ( $\frac{1}{2}$ value)     |                 |               |              | 26,329,266<br>20,018,850 | -            | 24,820,833<br>19,415,783 | 1,508,433<br>603,067 | 26,329,266<br>20,018,850 | 24,820,833<br>19,415,783 | 1,508,433<br>603,067 |
| Place Commercial/Industrial Realty Assessment subject to Commercial Rate in 1967 in Commercial Category |                 |               |              | 320,182,963              | 320,182,962  | 617,385,901              | 22,980,024           | 640,365,925              | 617,385,901              | 22,980,024           |
| Add effect of O.C.T. 13:2 on Transportation and Communication Enterprises                               |                 |               |              | 1,175,392                | 1,175,393    | 1,915,890                | 434,895              | 2,350,785                | 1,915,890                | 434,895              |
| Redirect Corporate School Support per O.C.T. 20:4   |                 |               |              |                          |              | - 76,778,309             | + 76,778,309         |                          | - 76,778,309             | + 76,778,309         |
| Net Effect of Above Changes to Present Taxable Assessment   | 1,798,744,457   | 1,578,968,483 | 219,775,974  | 369,020,439              | 321,358,355  | 588,007,790              | 102,371,004          | 2,489,123,251            | 2,166,976,273            | 322,146,978          |
| Take 70% of O.C.T. Residential and 100% of O.C.T. Commercial as Taxable                                 | 1,259,121,120   | 1,105,277,938 | 153,843,182  | 369,020,439              | 321,358,355  | 588,007,790              | 102,371,004          | 1,949,499,914            | 1,693,285,728            | 256,214,186          |
| Deduct Basic Shelter Exemption  | - 169,667,274   | - 148,916,966 | - 20,750,308 |                          |              |                          |                      | - 169,667,274            | - 148,916,966            | - 20,750,308         |
| Net Result of O.C.T. Proposals  | 1,089,453,846   | 956,360,972   | 133,092,874  | 369,020,439              | 321,358,355  | 588,007,790              | 102,371,004          | 1,779,832,640            | 1,544,368,762            | 235,463,878          |

Note: (a) Assessment categories are as per O.C.T. recommendations.



ment of 1966, as adjusted for O.C.T. recommendations in Tables V and VI, to obtain a view of what this might be at "actual current value". This means that the basis of assessment should be at 100 per cent of the current value of property assessed.

As far as could be ascertained, the various classes of property are currently assessed on a basis which reflects only a percentage of "actual current value". These percentages are as follows:

| <u>Class</u>               | <u>Per Cent of "Actual<br/>Current Value"</u> |
|----------------------------|---|
| Houses                     | 23  |
| Multiples                  | 35  |
| Commercial and Industrial  | 42  |
| Non-Government             |   |
| Exempt Property            | 24  |
| Government Exempt Property | 32  |

With these percentages as a guide, weighted average factors were established that could be applied to the current basis of assessment to bring assessment totals up to an approximation of "actual current value." The application of these factors has produced a revised taxable assessment which reflects an estimate of "actual current value" as set out in Table VII, p60 which also shows present valuations for comparative purposes.



Revised Taxable Assessment with Exempt Assessment Added as per O.C.T.

City of Toronto and Five Metro Boroughs

| A. At Present Valuations | Residential (a) |               |             | Commercial (a) |             |              |               | Total       |                          |               |
|--------------------------|-----------------|---------------|-------------|----------------|-------------|--------------|---------------|-------------|--------------------------|---------------|
|                          | Total           | Public        | Separate    | Total          | Owner 50%   | Occupant 50% | Public        | Separate    | Residential & Commercial | Public        |
|                          | \$              | \$            | \$          | \$             | \$          | \$           | \$            | \$          | \$                       | \$            |
| City of Toronto          |                 |               |             |                |             |              |               |             |                          |               |
| Revised Taxable          | 511,442,689     | 438,774,379   | 72,668,310  | 869,392,808    | 456,907,834 | 412,484,974  | 707,516,616   | 161,876,192 | 1,380,835,497            | 1,146,290,995 |
| Exempt to be Added       | 204,833,653     | 155,120,129   | 49,713,524  | 131,170,058    | 65,585,029  | 65,585,029   | 99,334,546    | 31,835,512  | 336,003,711              | 254,454,675   |
| Total                    | 716,276,342     | 593,894,508   | 122,381,834 | 1,000,562,866  | 522,492,863 | 478,070,003  | 806,851,162   | 193,711,704 | 1,716,839,208            | 1,400,745,670 |
| Five Metro Boroughs      |                 |               |             |                |             |              |               |             |                          |               |
| Revised Taxable          | 1,089,453,846   | 956,360,972   | 133,092,874 | 690,378,794    | 369,020,439 | 321,358,355  | 588,007,790   | 102,371,004 | 1,779,832,640            | 1,544,368,762 |
| Exempt to be Added       | 121,105,162     | 98,700,708    | 22,404,454  | 43,871,642     | 21,935,821  | 21,935,821   | 35,755,388    | 8,116,254   | 164,976,804              | 134,456,096   |
| Total                    | 1,210,559,008   | 1,055,061,680 | 155,497,328 | 734,250,436    | 390,956,260 | 343,294,176  | 623,763,178   | 110,487,258 | 1,944,809,444            | 1,678,824,858 |
| Metro Total              | 1,926,835,350   | 1,648,956,188 | 277,879,162 | 1,734,813,302  | 913,449,123 | 821,364,179  | 1,430,614,340 | 304,198,962 | 3,661,648,652            | 3,079,570,528 |

B. At Actual Current Value

|   |               |               |               |               |               |               |               |             |                |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|----------------|---------------|
| City of Toronto   |               |               |               |               |               |               |               |             |                |               |
| Revised Taxable<br>(Res. x 3.6179) (b)<br>(Com. x 2.3809) | 1,850,348,503 | 1,587,441,825 | 262,906,678   | 2,069,937,335 | 1,087,851,861 | 982,085,474   | 1,684,526,310 | 385,411,025 | 3,920,285,838  | 3,271,968,135 |
| Exempt to be Added<br>( x 3.5348)                         | 724,045,996   | 548,318,631   | 175,727,365   | 463,659,920   | 231,829,960   | 231,829,960   | 351,127,753   | 112,532,167 | 1,187,705,916  | 899,446,384   |
| Total   | 2,574,394,499 | 2,135,760,456 | 438,634,043   | 2,533,597,255 | 1,319,681,821 | 1,213,915,434 | 2,035,654,063 | 497,943,192 | 5,107,991,754  | 4,171,414,519 |
| Five Metro Boroughs                                       |               |               |               |               |               |               |               |             |                |               |
| Revised Taxable<br>(Res. x 3.9169)<br>(Com. x 2.3809)     | 4,267,281,765 | 3,745,970,289 | 521,311,476   | 1,643,722,869 | 878,600,762   | 765,122,107   | 1,399,987,746 | 243,735,123 | 5,911,004,634  | 5,145,958,035 |
| Exempt to be Added<br>( x 3.5701)                         | 432,357,538   | 352,371,397   | 79,986,141    | 156,626,149   | 78,313,074    | 78,313,075    | 127,650,310   | 28,975,839  | 588,983,687    | 480,021,707   |
| Total   | 4,699,639,303 | 4,098,341,686 | 601,297,617   | 1,800,349,018 | 956,913,836   | 843,435,182   | 1,527,638,056 | 272,710,962 | 6,499,988,321  | 5,625,979,742 |
| Metro Total   | 7,274,033,802 | 6,234,102,142 | 1,039,931,660 | 4,333,946,273 | 2,276,595,657 | 2,057,350,616 | 3,563,292,119 | 770,654,154 | 11,607,980,075 | 9,797,394,261 |

Note: (a) Assessment categories as per O.C.T. recommendations.

(b) Factors by which actual assessment values are multiplies to produce actual current value.





### The Effect of O.C.T. Proposals on Property Tax Rates

Having estimated the net direct revenue requirements (see Chapter III) and having ascertained the new taxable assessment base through the application of the relevant recommendations of the O.C.T., it remains to estimate the impact these will have on tax rates. In this connection it must be recalled that tax rates in the City of Toronto are currently split in the form of separate rates for residential and commercial property. One of the important recommendations of the O.C.T. called for the abolition of this split rate and the establishment of a uniform mill rate applicable to both classes of property.

The mill rates which would have been applicable in 1967, had all of the principal recommendations of the O.C.T. been implemented in that year, have been estimated in terms of the City's general Metro and educational requirements and in terms of their effect on both public and separate school support. These estimated new uniform mill rates are shown in Table VIII, p. 62 together with the actual rates for 1967.

### Allocation of School Support

It is necessary at this point to add an explanatory note with respect to the allocation of school support by non-government exempt properties. This matter has been dealt with





City of Toronto Mill Rates, Actual 1967  
And as They Would Have Been in 1967 Had  
All the O.C.T. Recommendations Been in Force

|                        |                         | <u>1967 Actual</u>      |                   | <u>All O.C.T. Recommendations</u> |
|------------------------|-------------------------|-------------------------|-------------------|-----------------------------------|
|                        |                         | <u>Residential</u>      | <u>Commercial</u> | <u>Residential and Commercial</u> |
| <u>Public School</u>   |                         |                         |                   |                                   |
| General and Special    | Local                   | 25.44927 <sup>(a)</sup> | 26.09424          | 10.9309                           |
|                        | Metro                   | <u>19.53271</u>         | <u>25.60576</u>   | <u>7.0355</u>                     |
|                        | Total                   | 44.82461                | 51.70000          | 17.9664                           |
| Education              | Local                   | .79853                  | .88504            | .3447                             |
|                        | Metro                   | <u>42.15147</u>         | <u>46.83496</u>   | <u>15.5650</u>                    |
|                        | Total                   | 42.95000                | 47.72000          | 15.9097                           |
| Total (b)              | Local                   | 26.24780                | 26.97928          | 11.2756                           |
|                        | Metro                   | <u>61.68418</u>         | <u>72.44072</u>   | <u>22.6005</u>                    |
|                        | Total                   | 87.93198                | 99.42000          | 33.8761                           |
| <u>Separate School</u> |                         |                         |                   |                                   |
| General and Special    | Local                   | 25.79291                | 26.09424          | 10.9309                           |
|                        | Metro                   | <u>19.53271</u>         | <u>25.60576</u>   | <u>7.0355</u>                     |
|                        | Total                   | 45.32562                | 51.70000          | 17.9664                           |
| Education              | Local Bd. of Ed. (Sec.) | .44588                  | .49376            | .1819                             |
|                        | Metro Separate Board    | 25.02000                | 27.80000          | 7.7688                            |
|                        | Metro (Secondary)       | <u>17.02912</u>         | <u>18.92124</u>   | <u>5.8731</u>                     |
|                        | Total                   | 42.49500                | 47.21500          | 13.8238                           |
|                        |                         |                         |                   |                                   |
| Total (c)              | Local                   | 26.23879                | 26.58800          | 11.1128                           |
|                        | Metro Separate          | 25.02000                | 27.80000          | 7.7688                            |
|                        | Metro                   | <u>36.56183</u>         | <u>44.52700</u>   | <u>13.8238</u>                    |
|                        | Total                   | 87.82062                | 98.91500          | 32.7054                           |

- Note: (a) Because the 1967 residential general and special rates for local purposes varied as between the former Toronto, Forest Hill, and Swansea areas, the weighted average rate shown here was calculated for study purposes.
- (b) Public school rate is total of general purposes, public elementary and secondary school rates.
- (c) Separate school rate is total of general purposes, secondary and separate school rates.



in the case of the O.C.T. recommendations relative to the allocation of school support by the government properties and those of corporations that previously could not direct the allocation of school support by these properties. The O.C.T. was silent on this matter in the case of non-government exempt property which is now to be included in taxable assessment. It has been assumed that the same procedure would apply to this type of property as was recommended for government and corporation property.

Briefly, the recommendation for government and corporation properties is that school taxes be apportioned to the school boards on the basis of public enrolment, but that the amount of the payments be calculated by using the lower of the public or separate school mill rate applicable where each property is situated.

For the exempt and corporate assessments the enrolment split given by the fall 1966 enrolment figures has been applied in order to divide the assessments into the public and separate school supporting components which are given in the assessment tables. The enrolment figures used are as follows:

|          | City          |              | Boroughs       |              | Metro          |
|----------|---------------|--------------|----------------|--------------|----------------|
|          | No.           | %            | No.            | %            | No.            |
| Public   | <u>77,405</u> | <u>75.73</u> | <u>180,517</u> | <u>81.50</u> | <u>257,922</u> |
| Separate | <u>24,806</u> | <u>24.27</u> | <u>40,964</u>  | <u>18.50</u> | <u>65,770</u>  |
| Total    | 102,211       | 100.00       | 221,481        | 100.00       | 323,692        |



With regard to the second part of the recommended procedure, calculation of the amount of payments using the lower of the public and separate mill rates, the time available for the Study did not permit the inclusion of this refinement and its ramifications for the various school levies and mill rates. The 1967 actual mill rates for public and separate school purposes were in fact very close in the City, and the refinement would have made little difference on this basis. But the mill rates projected under the assumption that all O.C.T. recommendations were implemented in 1967 show the City separate school rate at 13.8238 and the public at 15.9097, a difference of 2.0859 mills. On the exempt and corporate assessments involved, raised to actual current value, use of the lower separate school rate for all the public school supporting assessment allotted to these categories on the basis of enrolments would have reduced the tax levies for public purposes as on the following page:





|                         | <u>City</u>          | <u>Boroughs</u>      | <u>Metro</u>         |
|-------------------------|----------------------|----------------------|----------------------|
|                         | \$                   | \$                   | \$                   |
| Assessment involved     |                      |                      |                      |
| - exempt                | 899,446,384          | 480,021,707          | 1,379,468,091        |
| - corporate             | <u>1,389,109,976</u> | <u>1,157,061,213</u> | <u>2,546,171,189</u> |
| - total                 | 2,288,556,360        | 1,637,082,920        | 3,925,639,280        |
| <u>Tax Reduction at</u> |                      |                      |                      |
| <u>2.0859 mills</u>     |                      |                      |                      |
| - exempt                | 1,876,156            | 1,001,277            | 2,877,433            |
| - corporate             | <u>2,897,475</u>     | <u>2,413,513</u>     | <u>5,310,988</u>     |
| - total                 | 4,773,631            | 3,414,790            | 8,188,421            |

To offset these reductions, the public school mill rates would have had to be higher still, which would of course alter the amount of the reductions and require further successive calculations.

However, on the basis of the overall Metro reduction of \$8,188,421 and public school assessment of \$9,797,394,261, the average increase in the public school rate required to make up the reduction would amount to less than one mill, and the distortion incorporated in the Study findings, as a result of ignoring this factor, is therefore deemed to be of no great significance.

#### Illustration of Tax Rate Impact on Particular Types of Property

The estimated mill rates established on the basis of the assumed implementation in 1967 of all O.C.T. recommendations



having an effect on municipal revenue requirements have little real meaning until these are applied to specific properties. Only in this way can the significance of the O.C.T. recommendations be fully appreciated. What this implies is an attempt to answer the question which must inevitably be raised: "What difference will the implementation of the O.C.T. proposals make in the tax burden of various classes of City taxpayers?"

In order to provide an answer to this question twelve different types of residential property have been taken at random from the assessment roll for the purpose of illustration. These include single family houses in a range of different assessments and multiple dwellings with assessments per suite at different levels. The results in terms of the tax impact on these properties have been incorporated in a series of tables included as Tax Illustrations A-L, pp.76 to 87 at the end of this Chapter. With one exception each Tax Illustration includes a photo of the property in question and for comparison also sets out the actual taxes in 1967 and the rates resulting from the application of a uniform mill rate on 1967 taxable assessment.

In devising these Tax Illustrations, the following matters were taken into account in each case:

1967 Actual Mill Rates and Tax Levy

Mill Rates and Tax Levy After Incorporating the



## Transfer of Administration of Justice

### Mill Rates and Tax Levy After Incorporating the Basic Shelter Exemption Grant

The assumption of the responsibility by the Province for the administration of justice and the provision of the Basic Shelter Exemption Grants, as recommended by the O.C.T., have now been adopted by the Province of Ontario. It was, therefore, felt desirable to assess the tax impact of these proposals separately.

In terms of a uniform mill rate as recommended by the O.C.T., rates and tax levies have been calculated for

- . 1967 Actual Revenue Requirements;
- . The Incorporation of the Transfer of Responsibility for the Administration of Justice; and,
- . The Provision of the Basic Shelter Exemption Grant.

The final and most significant set of calculations show mill rates and tax levies on assessment at "actual current value" and give effect to the situation as it would be if all O.C.T. recommendations had been implemented in 1967.

When the amount of the taxes to be paid on the individual properties, if all O.C.T. recommendations were implemented, are compared with the amounts actually paid in 1967, the results are startling. Some examples will serve to illustrate these results.



| <u>Tax Illustration</u> | <u>Property</u>    | <u>1967 Actual</u> | <u>With All O.C.T. Recommendations</u> |
|-------------------------|--------------------|--------------------|--|
|                         |                    | \$                 | \$                                     |
| A.                      | 21 Connaught Ave.  |                    |  |
|                         | P.S.               | 246.80             | 224.03                                 |
|                         | S.S.               | 245.51             | 210.23                                 |
| C.                      | 66 Southwood Drive |                    |  |
|                         | P.S.               | 550.04             | 582.50                                 |
|                         | S.S.               | 547.16             | 546.63                                 |
| F.                      | 91 Riverview Drive |                    |  |
|                         | P.S.               | 1,813.25           | 2,075.92                               |
|                         | S.S.               | 1,803.79           | 1,948.11                               |
| I.                      | 494 Avenue Road    |                    |  |
|                         | P.S.               | 415.12             | 254.75                                 |
|                         | S.S.               | 412.95             | 239.07                                 |
| K.                      | 561 Avenue Road    |                    |  |
|                         | P.S.               | 985.21             | 697.65                                 |
|                         | S.S.               | 980.07             | 654.69                                 |
| L.                      | 673 Danforth Ave.  |                    |  |
|                         | P.S.               | 992.44             | 703.28                                 |
|                         | S.S.               | 987.26             | 659.98                                 |

Illustrations A,C and F are individual houses while Illustrations I and K relate to apartment buildings on an assessment per suite. Illustration L is an apartment located over a store. It has been assumed, for the purposes of these Tax Illustrations, that the Basic Shelter Exemption Grant will be applicable to tenants.

Because of the additional business assessment at varying percentages for commercial and industrial property a number of calculations would have been required to illustrate the tax





impact of the O.C.T. recommendations on the different categories of business assessment. This was not possible in the time available for this Study. However, an example of the tax impact on a hypothetical business assessment has been provided in Tax Illustration M at the end of this Chapter.

Why is there an increase in the taxes paid on individual homes, with one exception, and a decrease for all the apartment suites, if all O.C.T. proposals are implemented? There are two main reasons why this occurs. One of these is the shift in the distribution of the property tax levy as a result of the abolition of the split mill rate and the other is the matter of assessment practice.

Under the split mill rate presently utilized, there is an additional assessment for business. This would be eliminated if the O.C.T. recommendation for a uniform mill rate is adopted. However, the more significant reason for the effects on the taxes paid in the Illustrations is that of assessment practice. At present the basis of assessing individual homes utilized by the Municipality of Metropolitan Toronto produces a result which reflects about 23 per cent of their "actual current value" whereas the basis used for apartment yields an assessment that is about 35 per cent of "actual current value". Thus, when conversion factors are applied to the present assessments to bring these



up to "actual current value" the individual homes must be revised much more than apartment units. In essence, this means that current assessment practice does not produce a uniform or equitable basis of assessment.

This is not a new situation. In fact, it was recognized by the O.C.T. In its Report the O.C.T. concluded,<sup>(1)</sup> after a survey of assessment practices, that

"...in the seven municipalities of Metropolitan Toronto for which comparisons could be made, apartments ranged from 36 percent above the level of assessment on dwellings in Forest Hill to 95 percent in York Township. Within individual municipalities, assessed values of apartments varied enormously in relation to sales prices. In North York where the range was widest, apartments varied from 2 to 179 percent of market price; in Toronto, from 13 to 168 percent..." (Vol.II,p. 250)

The disparity with respect to assessment practice in the case of apartment buildings was also pointed up in a bulletin issued by the Bureau of Municipal Research in April 1966 in which the following observation with respect to the ratio of assessment to sales (ASR) was made:

"...apartment buildings are assessed throughout Metro at levels producing median ASRs of up to 50% above those prevailing on low density residential properties. The strong demand for apartments in

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(1) The O.C.T. also concluded that "in most municipalities and in Metropolitan Toronto and Hamilton in particular, contrary to the provisions of The Assessment Act, there was a policy, deliberate or intentional, of discriminating against apartments and business properties in honor of private dwellings." (Vol.II,p. 254)



Metro currently enables apartment owners to pass on a part of this disproportionate burden to their tenants. <sup>(1)</sup>

In the Tax Illustrations provided it will be recalled that there was one exception in which the tax impact on an individual home actually decreased. This is shown in Tax Illustration A, where the partial graded exemption has not been applied. The result is a decrease in the tax payment. This is attributable to the fact that the full benefit of the Basic Shelter exemption Grant is obtained. However, in the case of Tax Illustration B there is a partial exemption of <sup>(2)</sup>\$1,000 in existence which makes the present assessment \$1,630 for the general and special levy.

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(1) "Assessment - The Recurrent Controversy", Civic Affairs, April 1966, pp. 13 - 14.

---

(2) The partial exemption is applied in assessment ranges as follows:

| <u>% of Exemption</u> | <u>Ranges of Assessed Value</u> |
|-----------------------|---------------------------------|
| 50                    | up to \$2,000                   |
| 40                    | \$2,000 to 2,500                |
| 30                    | 2,501 to 3,000                  |
| 20                    | 3,001 to 3,500                  |
| 10                    | 3,501 to 4,000                  |

The Goldenberg Report, p. 188, indicated that almost 62,000 properties in the City of Toronto enjoyed partial exemptions in 1963.





If only the Basic Shelter Exemption was applied the assessment would have been \$1,900 and the tax, correspondingly higher thus, when the assessment is raised to "actual current value" and only the Basic Shelter Exemption is applicable the resulting tax is higher when all O. C. T. recommendations are implemented than the actual tax paid in 1967.

As with the matter of assessment practice the partial exemptions currently granted are inequitable. The Goldenberg Report of 1965, p.188, drew attention to this in these terms:

"Introduced in 1921 to assist veterans of the First World War to acquire homes, these exemptions can no longer be said to serve their original purpose. They are difficult to determine and administer. They increase the general tax rate and create inequalities among taxpayers because the benefit conferred is not related to capacity to pay. It is obvious that if assessed values had been kept closer to market value, a much smaller number of homes would now be eligible for partial exemption".

#### Summary of Conclusions

The findings of this Study reveal that if all of the recommendations of the O. C. T. are adopted it can be concluded that important consequences for the City of Toronto and its taxpayers would follow. These are summarized as follows:

1. The total direct revenue requirements



of the City of Toronto, in terms of  
the taxes levied on real property for  
Metro general, education, and City  
general purposes, would decrease  
substantially. (Based on 1967 estimates  
it was concluded in Chapter III the de-  
crease in direct revenue requirements  
would have been approximately \$36,000,000  
for all of the foregoing purposes).

2. The reduced levy necessary as a result  
of the decrease in direct revenue re-  
quirements would, when applied on the  
taxable assessment base revised in accord-  
ance with O. C. T. proposals and with the  
use of a uniform mill rates, give effect  
to a redistribution of the property tax  
impact by:

- increasing the taxes paid by  
individual homes;
- decreasing the taxes paid by  
apartments; and



decreasing the taxes paid by  
commercial and industrial  
property. (1)

3. The redistribution of the property tax  
burden in the manner indicated results  
from the abolition of the existing  
split mill rate as between resident-  
ial and business property, the elimina-  
tions of assessment practices which  
must be regarded as inequitable and  
discontinuance of the partial graded  
exemptions.

The estimated decrease in direct revenue requirements stems from the fact that the range of financial aid by the province will be increased, while this will

- 
- (1) The extent of any decrease on commercial or industrial property will vary with the level of existing business assessment. In some instances where business assessment is not currently applicable there may be little if any change on the tax burden.
-



have a direct effect on municipal taxation it will inevitably require increases in provincial taxation. Two such examples are the provincial sales and income taxes. Thus, the citizen may benefit in terms of municipal tax requirements only to be faced with the increased revenue needs of the Province. However, no attempt has been made to analyze the total tax impact, in terms of provincial and municipal taxation, on the individual nor was such within the terms of reference of this Study.





# TAX ILLUSTRATION A

| TAX IMPACT   |                     |                         |                         |                        |                         |                         |   |  |  |
|--|---------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|---|--|--|
| (Based on 1967 Metro and City Estimates and 1966 Assessment) |                     |                         |                         |                        |                         |                         |   |  |  |
| General and Special  | PRESENT LEGISLATION |                         |                         | WITH UNIFORM MILL RATE |                         |                         | All Ontario Committee on Taxation Recommendations Implemented |  |  |
|  | 1967 Actual         | Transfer Admin. Justice | Basic Shelter Exemption | 1967 Actual            | Transfer Admin. Justice | Basic Shelter Exemption |   |  |  |
| Metro - Mill rate  | 18.8103             | 17.7548                 | 17.7548                 | 22.5758                | 21.5203                 | 21.5203                 | 7.0355  |  |  |
| Tax \$   | \$ 53.23            | \$ 50.25                | \$ 38.88                | \$ 63.89               | \$ 60.90                | \$ 47.13                | \$ 46.53  |  |  |
| City - Mill rate   | 25.4493             | 25.4493                 | 25.4493                 | 25.8067                | 25.8067                 | 25.8067                 | 10.9309   |  |  |
| Tax \$   | \$ 72.02            | \$ 72.02                | \$ 55.73                | \$ 73.03               | \$ 73.03                | \$ 56.52                | \$ 72.29  |  |  |
| Total - Mill rate  | 44.2596             | 43.2041                 | 43.2041                 | 43.3825                | 47.3270                 | 47.3270                 | 17.9664   |  |  |
| Tax \$   | \$125.25            | \$122.27                | \$ 94.61                | \$136.92               | \$133.93                | \$103.65                | \$118.82  |  |  |
| <u>Educational - Public</u>                                  |                     |                         |                         |                        |                         |                         |   |  |  |
| Metro - Mill rate  | 42.1515             | 42.1515                 | 42.1515                 | 44.7570                | 44.7570                 | 44.7570                 | 15.5650   |  |  |
| Tax \$   | \$119.29            | \$119.29                | \$ 92.31                | \$126.66               | \$126.66                | \$ 98.02                | \$102.93  |  |  |
| City - Mill rate   | .7985               | .7985                   | .7985                   | .8466                  | .8466                   | .8466                   | .3447   |  |  |
| Tax \$   | \$ 2.26             | \$ 2.26                 | \$ 1.75                 | \$ 2.40                | \$ 2.40                 | \$ 1.85                 | \$ 2.28   |  |  |
| Total - Mill rate  | 42.9500             | 42.9500                 | 42.9500                 | 45.6036                | 45.6036                 | 45.6036                 | 15.9097   |  |  |
| Tax \$   | \$121.55            | \$121.55                | \$ 94.06                | \$129.06               | \$129.06                | \$ 99.87                | \$105.21  |  |  |
| <u>Educational - Separate</u>                                |                     |                         |                         |                        |                         |                         |   |  |  |
| Metro - Mill rate  | 42.0491             | 42.0491                 | 42.0491                 | 43.6775                | 43.6775                 | 43.6775                 | 13.6419   |  |  |
| Tax \$   | \$119.00            | \$119.00                | \$ 92.09                | \$123.61               | \$123.61                | \$ 95.65                | \$ 90.21  |  |  |
| City - Mill rate   | .4459               | .4459                   | .4459                   | .4719                  | .4719                   | .4719                   | .1819   |  |  |
| Tax \$   | \$ 1.26             | \$ 1.26                 | \$ .98                  | \$ 1.33                | \$ 1.33                 | \$ 1.03                 | \$ 1.20   |  |  |
| Total - Mill rate  | 42.4950             | 42.4950                 | 42.4950                 | 44.1494                | 44.1494                 | 44.1494                 | 13.8238   |  |  |
| Tax \$   | \$120.26            | \$120.26                | \$ 93.07                | \$124.94               | \$124.94                | \$ 96.68                | \$ 91.41  |  |  |
| P.S.   |                     |                         |                         |                        |                         |                         |   |  |  |
| Exemption: none  |                     |                         |                         |                        |                         |                         | \$224.03  |  |  |
| S.S.   |                     |                         |                         |                        |                         |                         |   |  |  |
| Exemption: none  |                     |                         |                         |                        |                         |                         | \$210.23  |  |  |

Address: 21 Connaught Ave.

Age: 1908

Present and Proposed

|           |       |       |
|-----------|-------|-------|
| Land: \$  | 730   | 2,222 |
| Bldgs: \$ | 2,100 | 6,391 |
|           | 2,830 | 8,613 |

Basic Shelter

|            |       |         |
|------------|-------|---------|
| Exemption: | (640) | (2,000) |
|            | 2,190 | 6,613   |

Partial

Exemption: none





Address: 27 Connaught Ave.

Age: 1910

Land: \$ 630 Present and Proposed  
1,917

Bldgs.: \$ 2,000 6,087  
2,630 8,004

Basic Shelter

Exemption: (640) (2,000)  
1,990 6,004

This house has a partial exemption of

\$1,000 for the general and special levy  
making the assessment for the purposes  
in columns 1, 2, 4 and 5 \$1,630.

## TAX ILLUSTRATION B

| TAX IMPACT  |                     |                               |                               |                        |                               |                               |                               |                               |                               | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |
|---|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--|
| (Based on 1967 Metro and City Estimates and 1966 Assessments) |                     |                               |                               |                        |                               |                               |                               |                               |                               |  |
| General and Special   | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               | Basic<br>Shelter<br>Exemption |                               |                               |  |
|   | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual                | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |  |
| Metro - Mill rate   | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 21.5203                       |                               | 7.0355                        |  |
| Tax \$  | \$ 30.66            | \$ 28.94                      | \$ 35.33                      | \$ 36.80               | \$ 35.08                      | \$ 42.83                      | \$ 42.83                      |                               | \$ 42.24                      |  |
| City - Mill rate  | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 25.8067                       |                               | 10.9309                       |  |
| Tax \$  | \$ 41.48            | \$ 41.48                      | \$ 50.64                      | \$ 42.06               | \$ 42.06                      | \$ 51.35                      | \$ 51.35                      |                               | \$ 65.63                      |  |
| Total - Mill rate   | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 47.3270                       |                               | 17.9664                       |  |
| Tax \$  | \$ 72.14            | \$ 70.42                      | \$ 85.97                      | \$ 78.86               | \$ 77.14                      | \$ 94.18                      | \$ 94.18                      |                               | \$ 107.87                     |  |
| Educational - Public  |                     |                               |                               |                        |                               |                               |                               |                               |                               |  |
| Metro - Mill rate   | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 44.7570                       |                               | 15.5650                       |  |
| Tax \$  | \$ 110.86           | \$ 110.86                     | \$ 83.88                      | \$ 117.71              | \$ 117.71                     | \$ 89.07                      | \$ 89.07                      |                               | \$ 93.45                      |  |
| City - Mill rate  | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .8466                         |                               | .3447                         |  |
| Tax \$  | \$ 2.10             | \$ 2.10                       | \$ 1.59                       | \$ 2.22                | \$ 2.22                       | \$ 1.68                       | \$ 1.68                       |                               | \$ 2.07                       |  |
| Total - Mill rate   | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 45.6036                       |                               | 15.9097                       |  |
| Tax \$  | \$ 112.96           | \$ 112.96                     | \$ 85.47                      | \$ 119.93              | \$ 119.93                     | \$ 90.75                      | \$ 90.75                      |                               | \$ 95.52                      |  |
| Educational - Separate  |                     |                               |                               |                        |                               |                               |                               |                               |                               |  |
| Metro - Mill rate   | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 43.6775                       |                               | 13.6419                       |  |
| Tax \$  | \$ 110.59           | \$ 110.59                     | \$ 83.68                      | \$ 114.87              | \$ 114.87                     | \$ 86.92                      | \$ 86.92                      |                               | \$ 81.91                      |  |
| City - Mill rate  | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .4719                         |                               | .1819                         |  |
| Tax \$  | \$ 1.17             | \$ 1.17                       | \$ .89                        | \$ 1.24                | \$ 1.24                       | \$ .94                        | \$ .94                        |                               | \$ 1.09                       |  |
| Total - Mill rate   | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 44.1494                       |                               | 13.8238                       |  |
| Tax \$  | \$ 111.76           | \$ 111.76                     | \$ 84.57                      | \$ 116.11              | \$ 116.11                     | \$ 87.86                      | \$ 87.86                      |                               | \$ 83.00                      |  |
| P.S.  |                     |                               |                               |                        |                               |                               |                               |                               |                               |  |
|   | \$ 185.10           | \$ 183.38                     | \$ 171.44                     | \$ 198.79              | \$ 197.07                     | \$ 184.93                     | \$ 184.93                     |                               | \$ 203.39                     |  |
| S.S.  |                     |                               |                               |                        |                               |                               |                               |                               |                               |  |
|   | \$ 183.90           | \$ 182.18                     | \$ 170.54                     | \$ 194.97              | \$ 193.25                     | \$ 182.04                     | \$ 182.04                     |                               | \$ 190.87                     |  |







Address: 66 Southwood Drive

Age: 1944

Present and Proposed

|            |       |        |
|------------|-------|--------|
| Land: \$   | 1,132 | 3,445  |
| Bldgs.: \$ | 5,175 | 15,750 |
|            | 6,307 | 19,195 |

Basic Shelter

|            |       |         |
|------------|-------|---------|
| Exemption: | (640) | (2,000) |
|            | 5,667 | 17,195  |

TAX IMPACT

(Based on 1967 Metro and City Estimates and 1966 Assessment)

|                               | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |
|-------------------------------|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|--|
|                               | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |  |
| <u>General and Special</u>    |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate             | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 7.0355   |
| Tax \$                        | \$118.64            | \$111.98                      | \$100.62                      | \$142.39               | \$135.73                      | \$121.95                      | \$120.97   |
| City - Mill rate              | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 10.9309  |
| Tax \$                        | \$160.61            | \$160.51                      | \$144.22                      | \$162.76               | \$162.76                      | \$146.25                      | \$187.96   |
| Total - Mill rate             | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 17.9664  |
| Tax \$                        | \$279.15            | \$272.49                      | \$244.84                      | \$305.15               | \$298.49                      | \$268.20                      | \$308.93   |
| <u>Educational - Public</u>   |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate             | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 15.5650  |
| Tax \$                        | \$265.85            | \$265.85                      | \$238.87                      | \$282.28               | \$282.28                      | \$253.64                      | \$267.64   |
| City - Mill rate              | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .3447  |
| Tax \$                        | \$ 5.04             | \$ 5.04                       | \$ 4.53                       | \$ 5.34                | \$ 5.34                       | \$ 4.80                       | \$ 5.93  |
| Total - Mill rate             | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 15.9097  |
| Tax \$                        | \$270.89            | \$270.89                      | \$243.40                      | \$287.62               | \$287.62                      | \$258.44                      | \$273.57   |
| <u>Educational - Separate</u> |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate             | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 13.6419  |
| Tax \$                        | \$265.20            | \$265.20                      | \$238.29                      | \$275.47               | \$275.47                      | \$247.52                      | \$234.57   |
| City - Mill rate              | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .1819  |
| Tax \$                        | \$ 2.81             | \$ 2.81                       | \$ 2.53                       | \$ 2.98                | \$ 2.98                       | \$ 2.67                       | \$ 3.13  |
| Total - Mill rate             | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 13.8238  |
| Tax \$                        | \$268.01            | \$268.01                      | \$240.82                      | \$278.45               | \$278.45                      | \$250.19                      | \$237.70   |
|                               |                     |                               |                               |                        |                               |                               |  |
|                               | \$550.04            | \$543.38                      | \$488.24                      | \$592.77               | \$586.11                      | \$526.64                      | \$582.50   |
|                               | \$547.16            | \$540.50                      | \$485.66                      | \$583.60               | \$576.94                      | \$518.39                      | \$546.63   |







Address: 20 Teddington Park

Present and Proposed

|           |               |               |
|-----------|---------------|---------------|
| Land: \$  | 3,075         | 9,359         |
| Bldgs: \$ | 10,975        | 33,402        |
|           | <u>14,050</u> | <u>42,761</u> |

Basic Shelter

|            |               |               |
|------------|---------------|---------------|
| Exemption: | (640)         | (2,000)       |
|            | <u>13,410</u> | <u>40,761</u> |

TAX IMPACT  
(Based on 1967 Metro and City Estimates and 1966 Assessment)

| General and Special    | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |
|------------------------|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|--|
|                        | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |  |
| Metro - Mill rate      | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 7.0355   |
| Tax \$                 | \$264.28            | \$249.45                      | \$238.09                      | \$317.19               | \$302.36                      | \$288.59                      | \$286.77   |
| City - Mill rate       | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 10.9309  |
| Tax \$                 | \$357.56            | \$357.56                      | \$341.27                      | \$362.58               | \$362.58                      | \$346.07                      | \$445.55   |
| Total - Mill rate      | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 17.9664  |
| Tax \$                 | \$621.84            | \$607.01                      | \$579.36                      | \$679.77               | \$664.94                      | \$634.66                      | \$732.32   |
| Educational - Public   |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate      | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 15.5650  |
| Tax \$                 | \$592.23            | \$592.23                      | \$565.25                      | \$628.84               | \$628.84                      | \$600.19                      | \$634.45   |
| City - Mill rate       | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .3447  |
| Tax \$                 | \$ 11.22            | \$ 11.22                      | \$ 10.71                      | \$ 11.89               | \$ 11.89                      | \$ 11.35                      | \$ 14.05   |
| Total - Mill rate      | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 15.9097  |
| Tax \$                 | \$603.45            | \$603.45                      | \$575.96                      | \$640.73               | \$640.73                      | \$611.54                      | \$648.50   |
| Educational - Separate |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate      | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 13.6419  |
| Tax \$                 | \$590.79            | \$590.79                      | \$563.87                      | \$613.67               | \$613.67                      | \$585.72                      | \$556.06   |
| City - Mill rate       | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .1819  |
| Tax \$                 | \$ 6.26             | \$ 6.26                       | \$ 5.98                       | \$ 6.63                | \$ 6.63                       | \$ 6.32                       | \$ 7.41  |
| Total - Mill rate      | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 13.8238  |
| Tax \$                 | \$597.05            | \$597.05                      | \$569.85                      | \$620.30               | \$620.30                      | \$592.04                      | \$563.47   |
| P.S.                   | \$1,225.29          | \$1,210.04                    | \$1,155.32                    | \$1,320.50             | \$1,305.67                    | \$1,246.20                    | \$1,380.82   |
| S.S.                   | \$1,218.89          | \$1,204.06                    | \$1,149.21                    | \$1,300.07             | \$1,285.84                    | \$1,226.70                    | \$1,295.79   |





Address: 72 Teddington Park

| Present and Proposed |               |
|----------------------|---------------|
| Land: \$             | 3,120         |
| Bldgs.: \$           | 8,750         |
|                      | <u>11,870</u> |
| Basic Shelter        |               |
| Exemption:           | (640)         |
|                      | <u>11,230</u> |
|                      | (2,000)       |
|                      | <u>34,126</u> |

| TAX IMPACT<br>(Based on 1967 Metro and City Estimates and 1966 Assessment) |  |                     |                               |                               |                        |                               |                               |   |  |
|--|--|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|---|--|
| General and Special  |  | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               | All Ontario<br>Committee<br>on Taxation<br>Recommendations<br>Implemented |  |
|  |  | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |   |  |
| Metro - Mill rate  |  | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 7.0355  |  |
| Tax \$   |  | \$223.28            | \$210.75                      | \$199.38                      | \$267.97               | \$255.44                      | \$241.67                      | \$240.09  |  |
| City - Mill rate   |  | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 10.9309   |  |
| Tax \$   |  | \$302.08            | \$302.08                      | \$285.80                      | \$306.33               | \$306.33                      | \$289.81                      | \$373.03  |  |
| Total - Mill rate  |  | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 17.9664   |  |
| Tax \$   |  | \$525.36            | \$512.83                      | \$485.18                      | \$574.30               | \$561.77                      | \$531.48                      | \$613.12  |  |
| Educational - Public   |  |                     |                               |                               |                        |                               |                               |   |  |
| Metro - Mill rate  |  | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 15.5650   |  |
| Tax \$   |  | \$500.34            | \$500.34                      | \$473.36                      | \$531.27               | \$531.27                      | \$502.62                      | \$531.17  |  |
| City - Mill rate   |  | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .3447   |  |
| Tax \$   |  | \$ 9.48             | \$ 9.48                       | \$ 8.97                       | \$ 10.05               | \$ 10.05                      | \$ 9.51                       | \$ 11.76  |  |
| Total - Mill rate  |  | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 15.9097   |  |
| Tax \$   |  | \$509.82            | \$509.82                      | \$482.33                      | \$541.32               | \$541.32                      | \$512.13                      | \$542.93  |  |
| Educational - Separate   |  |                     |                               |                               |                        |                               |                               |   |  |
| Metro - Mill rate  |  | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 13.6419   |  |
| Tax \$   |  | \$499.12            | \$499.12                      | \$472.21                      | \$518.45               | \$518.45                      | \$490.50                      | \$465.54  |  |
| City - Mill rate   |  | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .1819   |  |
| Tax \$   |  | \$ 5.29             | \$ 5.29                       | \$ 5.01                       | \$ 5.60                | \$ 5.60                       | \$ 5.30                       | \$ 6.21   |  |
| Total - Mill rate  |  | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 13.8238   |  |
| Tax \$   |  | \$504.41            | \$504.41                      | \$477.22                      | \$524.05               | \$524.05                      | \$495.80                      | \$471.75  |  |
| P.S.   |  | \$1,035.18          | \$1,022.65                    | \$967.51                      | \$1,115.62             | \$1,103.09                    | \$1,043.61                    | \$1,156.05  |  |
| S.S.   |  | \$1,029.77          | \$1,017.24                    | \$962.40                      | \$1,098.35             | \$1,085.82                    | \$1,027.28                    | \$1,084.87  |  |







Address: 91 Riverview Drive  
 Land: \$ Present and Proposed  
 8,692 26,454  
 Bldgs: \$ 12,100 36,826  
 20,792 63,280  
 Basic Shelter  
 Exemption: (640) (2,000)  
 20,152 61,280

**TAX IMPACT**  
 (Based on 1967 Metro and City Estimates and 1966 Assessment)

| General and Special    | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |
|------------------------|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|--|
|                        | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |  |
| Metro - Mill rate      | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 7.0355   |
| Tax \$                 | \$391.10            | \$369.16                      | \$357.79                      | \$469.40               | \$447.45                      | \$433.68                      | \$431.13   |
| City - Mill rate       | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 10.9309  |
| Tax \$                 | \$529.14            | \$529.14                      | \$512.85                      | \$536.57               | \$536.57                      | \$520.05                      | \$669.85   |
| Total - Mill rate      | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 17.9664  |
| Tax \$                 | \$920.24            | \$898.30                      | \$870.64                      | \$1,005.97             | \$984.02                      | \$953.73                      | \$1,100.98   |
| Educational - Public   |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate      | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 15.5650  |
| Tax \$                 | \$876.41            | \$876.41                      | \$849.44                      | \$930.59               | \$930.59                      | \$901.94                      | \$953.82   |
| City - Mill rate       | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .3447  |
| Tax \$                 | \$ 16.60            | \$ 16.60                      | \$ 16.09                      | \$ 17.60               | \$ 17.60                      | \$ 17.06                      | \$ 21.12   |
| Total - Mill rate      | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 15.9097  |
| Tax \$                 | \$893.01            | \$893.01                      | \$865.53                      | \$948.19               | \$948.19                      | \$919.00                      | \$974.94   |
| Educational - Separate |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate      | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 13.6419  |
| Tax \$                 | \$874.28            | \$874.28                      | \$847.37                      | \$908.14               | \$908.14                      | \$880.19                      | \$835.98   |
| City - Mill rate       | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .1819  |
| Tax \$                 | \$ 9.27             | \$ 9.27                       | \$ 8.99                       | \$ 9.81                | \$ 9.81                       | \$ 9.51                       | \$ 11.15   |
| Total - Mill rate      | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 13.8238  |
| Tax \$                 | \$883.55            | \$883.55                      | \$856.36                      | \$917.95               | \$917.95                      | \$889.70                      | \$847.13   |
| P.S.                   | \$1,813.25          | \$1,791.31                    | \$1,736.17                    | \$1,954.16             | \$1,932.21                    | \$1,872.73                    | \$2,075.92   |
| S.S.                   | \$1,803.79          | \$1,781.85                    | \$1,727.00                    | \$1,923.92             | \$1,901.97                    | \$1,843.43                    | \$1,948.11   |





Address: 3 Old George Place

Present and Proposed

|               |        |         |
|---------------|--------|---------|
| Land: \$      | 7,360  | 22,400  |
| Bldgs.: \$    | 52,750 | 160,543 |
|               | 60,110 | 182,943 |
| Basic Shelter |        |         |
| Exemption:    | (640)  | (2,000) |
|               | 59,470 | 180,943 |

| TAX IMPACT<br>(Based on 1967 Metro and City Estimates and 1966 Assessment) |                     |                               |                               |                        |                               |                               |                               |  |  | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |
|--|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|-------------------------------|--|--|--|
| General and Special  | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               | Basic<br>Shelter<br>Exemption |  |  |  |
|  | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |                               |  |  |  |
|  |                     |                               |                               |                        |                               |                               |                               |  |  |  |
| Metro - Mill rate  | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 7.0355                        |  |  |  |
| Tax \$   | \$1,130.69          | \$1,067.24                    | \$1,055.88                    | \$1,357.03             | \$1,293.59                    | \$1,279.81                    | \$1,273.02                    |  |  |  |
| City - Mill rate   | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 10.9309                       |  |  |  |
| Tax \$   | \$1,529.75          | \$1,529.75                    | \$1,513.47                    | \$1,551.24             | \$1,551.24                    | \$1,534.72                    | \$1,977.87                    |  |  |  |
| Total - Mill rate  | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 17.9664                       |  |  |  |
| Tax \$ (A)   | \$2,660.44          | \$2,596.99                    | \$2,569.35                    | \$2,908.27             | \$2,844.83                    | \$2,814.53                    | \$3,250.89                    |  |  |  |
| Educational - Public   |                     |                               |                               |                        |                               |                               |                               |  |  |  |
| Metro - Mill rate  | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 15.5650                       |  |  |  |
| Tax \$   | \$2,533.72          | \$2,533.72                    | \$2,506.75                    | \$2,690.34             | \$2,690.34                    | \$2,661.70                    | \$2,816.38                    |  |  |  |
| City - Mill rate   | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .3447                         |  |  |  |
| Tax \$   | \$ 48.00            | \$ 48.00                      | \$ 47.48                      | \$ 50.89               | \$ 50.89                      | \$ 50.35                      | \$ 62.37                      |  |  |  |
| Total - Mill rate  | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 15.9097                       |  |  |  |
| Tax \$ (B)   | \$2,581.72          | \$2,581.72                    | \$2,554.23                    | \$2,741.23             | \$2,741.23                    | \$2,712.05                    | \$2,878.75                    |  |  |  |
| Educational - Separate   |                     |                               |                               |                        |                               |                               |                               |  |  |  |
| Metro - Mill rate  | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 13.6419                       |  |  |  |
| Tax \$   | \$2,527.57          | \$2,527.57                    | \$2,500.66                    | \$2,625.45             | \$2,625.45                    | \$2,597.50                    | \$2,468.41                    |  |  |  |
| City - Mill rate   | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .1819                         |  |  |  |
| Tax \$   | \$ 26.80            | \$ 26.80                      | \$ 26.52                      | \$ 28.37               | \$ 28.37                      | \$ 28.06                      | \$ 32.91                      |  |  |  |
| Total - Mill rate  | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 13.8238                       |  |  |  |
| Tax \$   | \$2,554.37          | \$2,554.37                    | \$2,527.18                    | \$2,653.82             | \$2,653.82                    | \$2,625.56                    | \$2,501.32                    |  |  |  |
| (A) + (B) P.S.   | \$5,242.16          | \$5,178.71                    | \$5,123.58                    | \$5,649.50             | \$5,586.06                    | \$5,526.58                    | \$6,129.64                    |  |  |  |
| (A) + (C) S.S.   | \$5,214.81          | \$5,151.36                    | \$5,096.53                    | \$5,562.09             | \$5,498.65                    | \$5,440.09                    | \$5,752.21                    |  |  |  |







Address: 5 High Park

Present and Proposed  
per suite

Land:  
and \$ 3,016 \$ 6,032  
Bldgs:  
Basic Shelter  
Exemption (640) (2,000)  
2,376 4,032

TAX IMPACT  
(Based on 1967 Metro and City Estimates and 1966 Assessment)

|                        | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |
|------------------------|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|--|
|                        | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |  |
| General and Special    |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate      | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 7.0355   |
| Tax \$                 | \$ 56.73            | \$ 53.55                      | \$ 42.19                      | \$ 68.09               | \$ 64.91                      | \$ 51.13                      | \$ 28.37   |
| City - Mill rate       | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 10.9309  |
| Tax \$                 | \$ 76.76            | \$ 76.75                      | \$ 60.46                      | \$ 77.83               | \$ 77.83                      | \$ 61.32                      | \$ 44.07   |
| Total - Mill rate      | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 17.9664  |
| Tax \$                 | \$133.49            | \$130.30                      | \$102.65                      | \$145.92               | \$142.74                      | \$112.45                      | \$ 72.44   |
| Educational - Public   |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate      | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 15.5650  |
| Tax \$                 | \$127.13            | \$127.13                      | \$100.15                      | \$134.99               | \$134.99                      | \$106.34                      | \$ 62.76   |
| City - Mill rate       | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .3447  |
| Tax \$                 | \$ 2.41             | \$ 2.41                       | \$ 1.90                       | \$ 2.55                | \$ 2.55                       | \$ 2.01                       | \$ 1.39  |
| Total - Mill rate      | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 15.9097  |
| Tax \$                 | \$129.54            | \$129.54                      | \$102.05                      | \$137.54               | \$137.54                      | \$108.35                      | \$ 64.15   |
| Educational - Separate |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate      | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 13.6419  |
| Tax \$                 | \$126.82            | \$126.82                      | \$ 99.91                      | \$131.73               | \$131.73                      | \$103.78                      | \$ 55.00   |
| City - Mill rate       | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .1819  |
| Tax \$                 | \$ 1.34             | \$ 1.34                       | \$ 1.06                       | \$ 1.42                | \$ 1.42                       | \$ 1.12                       | \$ .74   |
| Total - Mill rate      | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 13.8238  |
| Tax \$                 | \$128.16            | \$128.16                      | \$100.97                      | \$133.15               | \$133.15                      | \$104.90                      | \$ 55.74   |
| P.S.                   | \$263.03            | \$259.84                      | \$204.70                      | \$283.46               | \$280.28                      | \$220.80                      | \$136.59   |
| S.S.                   | \$261.65            | \$258.46                      | \$203.62                      | \$279.07               | \$275.89                      | \$213.25                      | \$128.18   |





Address: 494 Avenue Road

Present and Proposed  
per suite

Land: )  
and )  
Bldgs )  
\$4,760 \$9,520  
4,760. 9,520

Basic Shelter

Exemption: (640) (2,000)  
4,120 7,520

## TAX ILLUSTRATION I

### TAX IMPACT (Based on 1967 Metro and City Estimates and 1966 Assessment)

|                               | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |
|-------------------------------|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|--|
|                               | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |  |
| <u>General and Special</u>    |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate             | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 7.0355   |
| Tax \$                        | \$ 89.54            | \$ 84.51                      | \$ 73.15                      | \$107.46               | \$102.44                      | \$ 88.66                      | \$ 52.91   |
| City - Mill rate              | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 10.9309  |
| Tax \$                        | \$121.14            | \$121.14                      | \$104.85                      | \$122.84               | \$122.84                      | \$106.32                      | \$ 82.20   |
| Total - Mill rate             | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 17.9664  |
| Tax \$                        | \$210.68            | \$205.65                      | \$178.00                      | \$230.30               | \$225.28                      | \$194.98                      | \$135.11   |
| <u>Educational - Public</u>   |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate             | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 15.5650  |
| Tax \$                        | \$200.64            | \$200.64                      | \$173.66                      | \$213.04               | \$213.04                      | \$184.40                      | \$117.05   |
| City - Mill rate              | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .3447  |
| Tax \$                        | \$ 3.80             | \$ 3.80                       | \$ 3.29                       | \$ 4.03                | \$ 4.03                       | \$ 3.49                       | \$ 2.59  |
| Total - Mill rate             | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 15.9097  |
| Tax \$                        | \$204.44            | \$204.44                      | \$176.95                      | \$217.07               | \$217.07                      | \$187.89                      | \$119.64   |
| <u>Educational - Separate</u> |                     |                               |                               |                        |                               |                               |  |
| Metro - Mill rate             | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 13.6419  |
| Tax \$                        | \$200.15            | \$200.15                      | \$173.24                      | \$207.90               | \$207.90                      | \$179.95                      | \$102.59   |
| City - Mill rate              | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .1819  |
| Tax \$                        | \$ 2.12             | \$ 2.12                       | \$ 1.84                       | \$ 2.25                | \$ 2.25                       | \$ 1.94                       | \$ 1.37  |
| Total - Mill rate             | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 13.8238  |
| Tax \$                        | \$202.27            | \$202.27                      | \$175.08                      | \$210.15               | \$210.15                      | \$181.89                      | \$103.96   |
| P.S.                          | \$415.12            | \$410.09                      | \$354.95                      | \$447.37               | \$442.35                      | \$382.87                      | \$254.75   |
| S.S.                          | \$412.95            | \$407.92                      | \$353.08                      | \$440.45               | \$435.43                      | \$376.87                      | \$239.07   |







Address: 606 Avenue Road

Present and Proposed  
per suite

Land: )  
and ) \$6,570. \$13,140.  
Bldgs) 6,570. 13,140.

Basic Shelter

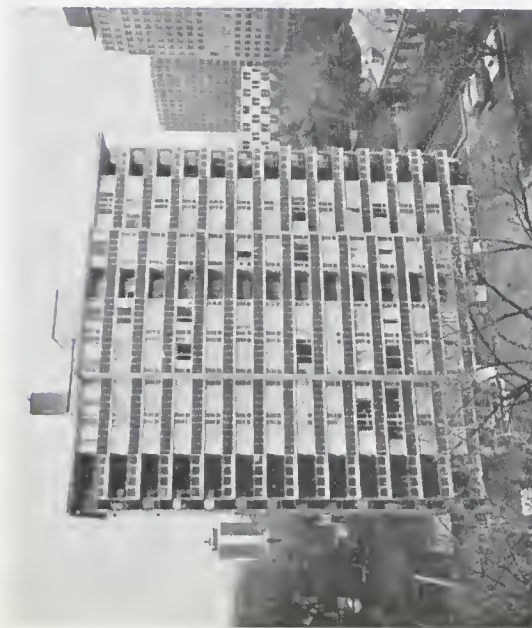
Exemption: (640) (2,000)  
5,930 11,140

TAX ILLUSTRATION J

| TAX IMPACT<br>(Basec on 1967 Metro and City Estimates and 1966 Assessment) |                |                               |                               |                |                               |                               |          |  |  | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |  |
|--|----------------|-------------------------------|-------------------------------|----------------|-------------------------------|-------------------------------|----------|--|--|--|--|
| PRESENT LEGISLATION  |                |                               |                               |                | WITH UNIFORM MILL RATE        |                               |          |  |  |  |  |
| General and Special  | 1967<br>Actual | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |          |  |  |  |  |
| Metro - Mill rate  | 18.8103        | 17.7548                       | 17.7548                       | 22.5758        | 21.5203                       | 21.5203                       | 7.0355   |  |  |  |  |
| Tax \$   | \$123.58       | \$116.65                      | \$105.29                      | \$148.32       | \$141.39                      | \$127.62                      | \$ 78.38 |  |  |  |  |
| City - Mill rate   | 25.4493        | 25.4493                       | 25.4493                       | 25.8067        | 25.8067                       | 25.8067                       | 10.9309  |  |  |  |  |
| Tax \$   | \$167.20       | \$167.20                      | \$150.91                      | \$169.55       | \$169.55                      | \$153.03                      | \$121.77 |  |  |  |  |
| Total - Mill rate  | 44.2596        | 43.2041                       | 43.2041                       | 48.3825        | 47.3270                       | 47.3270                       | 17.9664  |  |  |  |  |
| Tax \$   | \$290.78       | \$283.85                      | \$256.20                      | \$317.87       | \$310.94                      | \$280.65                      | \$200.15 |  |  |  |  |
| Educational - Public   |                |                               |                               |                |                               |                               |          |  |  |  |  |
| Metro - Mill rate  | 42.1515        | 42.1515                       | 42.1515                       | 44.7570        | 44.7570                       | 44.7570                       | 15.5650  |  |  |  |  |
| Tax \$   | \$276.94       | \$276.94                      | \$249.96                      | \$294.05       | \$294.05                      | \$265.41                      | \$173.39 |  |  |  |  |
| City - Mill rate   | .7985          | .7985                         | .7985                         | .8466          | .8466                         | .8466                         | .3447    |  |  |  |  |
| Tax \$   | \$ 5.24        | \$ 5.24                       | \$ 4.73                       | \$ 5.56        | \$ 5.56                       | \$ 5.02                       | \$ 3.84  |  |  |  |  |
| Total - Mill rate  | 42.9500        | 42.9500                       | 42.9500                       | 45.6036        | 45.6036                       | 45.6036                       | 15.9097  |  |  |  |  |
| Tax \$   | \$282.18       | \$282.18                      | \$254.69                      | \$299.61       | \$299.61                      | \$270.43                      | \$177.23 |  |  |  |  |
| Educational - Separate   |                |                               |                               |                |                               |                               |          |  |  |  |  |
| Metro - Mill rate  | 42.0491        | 42.0491                       | 42.0491                       | 43.6775        | 43.6775                       | 43.6775                       | 13.6419  |  |  |  |  |
| Tax \$   | \$276.26       | \$276.26                      | \$249.35                      | \$286.96       | \$286.96                      | \$259.01                      | \$151.97 |  |  |  |  |
| City - Mill rate   | .4459          | .4459                         | .4459                         | .4719          | .4719                         | .4719                         | .1819    |  |  |  |  |
| Tax \$   | \$ 2.93        | \$ 2.93                       | \$ 2.64                       | \$ 3.10        | \$ 3.10                       | \$ 2.80                       | \$ 2.03  |  |  |  |  |
| Total - Mill rate  | 42.4950        | 42.4950                       | 42.4950                       | 44.1494        | 44.1494                       | 44.1494                       | 13.8238  |  |  |  |  |
| Tax \$   | \$279.19       | \$279.19                      | \$251.99                      | \$290.06       | \$290.06                      | \$261.81                      | \$154.00 |  |  |  |  |
| P.S.   | \$572.96       | \$566.03                      | \$510.89                      | \$617.48       | \$610.55                      | \$551.08                      | \$377.38 |  |  |  |  |
| S.S.   | \$569.97       | \$563.04                      | \$508.19                      | \$607.93       | \$601.00                      | \$542.46                      | \$354.15 |  |  |  |  |







Address: 561 Avenue Road

Present and Proposed  
Per Suite

Land:)  
)  
and ) \$ 11,297 22,594  
)  
Bldgs.:) 11,297 22,594

Basic Shelter

Exemption: (640) (2,000)  
10,657 20,594

## TAX ILLUSTRATION K

| TAX IMPACT   |                     |          |          |  |  |                |                               |                               |                | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |                               |                               |
|--|---------------------|----------|----------|--|--|----------------|-------------------------------|-------------------------------|----------------|--|-------------------------------|-------------------------------|
| (Based on 1967 Metro and City Estimates and 1966 Assessment) |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
| General and Special  | PRESENT LEGISLATION |          |          |  |  | 1967<br>Actual | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual |  | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
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|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
| Metro - Mill rate  | 18.8103             | 17.7548  | 17.7548  |  |  | 22.5758        | 21.5203                       | 21.5203                       |                |  | 7.0355                        |                               |
| Tax \$   | \$212.50            | \$200.58 | \$189.21 |  |  | \$255.04       | \$243.11                      | \$229.34                      |                |  | \$144.89                      |                               |
| City - Mill rate   | 25.4493             | 25.4493  | 25.4493  |  |  | 25.8067        | 25.8067                       | 25.8067                       |                |  | 10.9309                       |                               |
| Tax \$   | \$287.50            | \$287.50 | \$271.21 |  |  | \$291.54       | \$291.54                      | \$275.02                      |                |  | \$225.11                      |                               |
| Total - Mill rate  | 44.2596             | 43.2041  | 43.2041  |  |  | 48.3825        | 47.3270                       | 47.3270                       |                |  | 17.9664                       |                               |
| Tax \$   | \$500.00            | \$488.08 | \$460.42 |  |  | \$546.58       | \$534.65                      | \$504.36                      |                |  | \$370.00                      |                               |
| Educational - Public   |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
| Metro - Mill rate  | 42.1515             | 42.1515  | 42.1515  |  |  | 44.7570        | 44.7570                       | 44.7570                       |                |  | 15.5650                       |                               |
| Tax \$   | \$476.19            | \$476.19 | \$449.21 |  |  | \$505.62       | \$505.62                      | \$476.98                      |                |  | \$320.55                      |                               |
| City - Mill rate   | .7985               | .7985    | .7985    |  |  | .8466          | .8466                         | .8466                         |                |  | .3447                         |                               |
| Tax \$   | \$ 9.02             | \$ 9.02  | \$ 8.51  |  |  | \$ 9.56        | \$ 9.56                       | \$ 9.02                       |                |  | \$ 7.10                       |                               |
| Total - Mill rate  | 42.9500             | 42.9500  | 42.9500  |  |  | 45.6036        | 45.6036                       | 45.6036                       |                |  | 15.9097                       |                               |
| Tax \$   | \$485.21            | \$485.21 | \$457.72 |  |  | \$515.18       | \$515.18                      | \$486.00                      |                |  | \$327.65                      |                               |
| Educational - Separate                                       |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
| Metro - Mill rate  | 42.0491             | 42.0491  | 42.0491  |  |  | 43.6775        | 43.6775                       | 43.6775                       |                |  | 13.6419                       |                               |
| Tax \$   | \$475.03            | \$475.03 | \$448.12 |  |  | \$493.42       | \$493.42                      | \$465.47                      |                |  | \$280.94                      |                               |
| City - Mill rate   | .4459               | .4459    | .4459    |  |  | .4719          | .4719                         | .4719                         |                |  | .1819                         |                               |
| Tax \$   | \$ 5.04             | \$ 5.04  | \$ 4.75  |  |  | \$ 5.33        | \$ 5.33                       | \$ 5.03                       |                |  | \$ 3.75                       |                               |
| Total - Mill rate  | 42.4950             | 42.4950  | 42.4950  |  |  | 44.1494        | 44.1494                       | 44.1494                       |                |  | 13.8238                       |                               |
| Tax \$   | \$480.07            | \$480.07 | \$452.87 |  |  | \$498.75       | \$498.75                      | \$470.50                      |                |  | \$284.69                      |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
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|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |
|  |                     |          |          |  |  |                |                               |                               |                |  |                               |                               |





Address: 673 Danforth Ave.

|                      |                |
|----------------------|----------------|
| Present and Proposed |                |
| Land: \$             | 6,080          |
| Bldgs.: \$           | 5,300          |
|                      | <u>11,380</u>  |
|                      | 12,160         |
|                      | <u>10,600</u>  |
|                      | 22,760         |
| Basic Shelter        |                |
| Exemption:           | (640)          |
|                      | <u>(2,000)</u> |
|                      | 20,760         |

TAX IMPACT  
(Based on 1967 Metro and City Estimates and 1966 Assessment)

| (Based on 1967 Metro and City Estimates and 1966 Assessment) |                     |                               |                               |                        |                               |                               |          | All Ontario<br>Committee<br>on Taxation<br>Recommen-<br>dations<br>Implemented |
|--|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|----------|--|
| General and Special  | PRESENT LEGISLATION |                               |                               | WITH UNIFORM MILL RATE |                               |                               |          |  |
|  | 1967<br>Actual      | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption | 1967<br>Actual         | Transfer<br>Admin.<br>Justice | Basic<br>Shelter<br>Exemption |          |  |
| Metro - Mill rate  | 18.8103             | 17.7548                       | 17.7548                       | 22.5758                | 21.5203                       | 21.5203                       | 7.0355   |  |
| Tax \$   | \$214.06            | \$202.05                      | \$190.69                      | \$256.91               | \$244.90                      | \$231.13                      | \$146.06 |  |
| City - Mill rate   | 25.4493             | 25.4493                       | 25.4493                       | 25.8067                | 25.8067                       | 25.8067                       | 10.9309  |  |
| Tax \$   | \$289.61            | \$289.61                      | \$273.32                      | \$293.68               | \$293.68                      | \$277.16                      | \$226.93 |  |
| Total - Mill rate  | 44.2596             | 43.2041                       | 43.2041                       | 48.3825                | 47.3270                       | 47.3270                       | 17.9664  |  |
|  | =====               | =====                         | =====                         | =====                  | =====                         | =====                         | =====    |  |
| Tax \$   | \$503.67            | \$491.66                      | \$464.01                      | \$550.59               | \$538.58                      | \$508.29                      | \$372.99 |  |
|  | =====               | =====                         | =====                         | =====                  | =====                         | =====                         | =====    |  |
| Educational - Public   |                     |                               |                               |                        |                               |                               |          |  |
| Metro - Mill rate  | 42.1515             | 42.1515                       | 42.1515                       | 44.7570                | 44.7570                       | 44.7570                       | 15.5650  |  |
| Tax \$   | \$479.68            | \$479.68                      | \$452.71                      | \$509.34               | \$509.34                      | \$480.69                      | \$323.13 |  |
| City - Mill rate   | .7985               | .7985                         | .7985                         | .8466                  | .8466                         | .8466                         | .3447    |  |
| Tax \$   | \$ 9.09             | \$ 9.09                       | \$ 8.57                       | \$ 9.63                | \$ 9.63                       | \$ 9.09                       | \$ 7.16  |  |
| Total - Mill rate  | 42.9500             | 42.9500                       | 42.9500                       | 45.6036                | 45.6036                       | 45.6036                       | 15.9087  |  |
|  | =====               | =====                         | =====                         | =====                  | =====                         | =====                         | =====    |  |
| Tax \$   | \$488.77            | \$488.77                      | \$461.28                      | \$518.97               | \$518.97                      | \$489.78                      | \$330.29 |  |
|  | =====               | =====                         | =====                         | =====                  | =====                         | =====                         | =====    |  |
| Educational Separate   |                     |                               |                               |                        |                               |                               |          |  |
| Metro - Mill rate  | 42.0491             | 42.0491                       | 42.0491                       | 43.6775                | 43.6775                       | 43.6775                       | 13.6419  |  |
| Tax \$   | \$478.52            | \$478.52                      | \$451.61                      | \$497.05               | \$497.05                      | \$469.10                      | \$283.21 |  |
| City - Mill rate   | .4459               | .4459                         | .4459                         | .4719                  | .4719                         | .4719                         | .1819    |  |
| Tax \$   | \$ 5.07             | \$ 5.07                       | \$ 4.79                       | \$ 5.37                | \$ 5.37                       | \$ 5.06                       | \$ 3.78  |  |
| Total - Mill rate  | 42.4950             | 42.4950                       | 42.4950                       | 44.1494                | 44.1494                       | 44.1494                       | 13.8238  |  |
|  | =====               | =====                         | =====                         | =====                  | =====                         | =====                         | =====    |  |
| Tax \$   | \$483.59            | \$483.59                      | \$456.40                      | \$502.42               | \$502.42                      | \$474.16                      | \$286.99 |  |
|  | =====               | =====                         | =====                         | =====                  | =====                         | =====                         | =====    |  |
|  | \$992.44            | \$980.43                      | \$925.29                      | \$1,069.56             | \$1,057.55                    | \$998.07                      | \$703.28 |  |
| P.S.   |                     |                               |                               |                        |                               |                               |          |  |
|  | \$987.26            | \$975.25                      | \$920.41                      | \$1,053.01             | \$1,041.00                    | \$982.45                      | \$659.98 |  |
| S.S.   |                     |                               |                               |                        |                               |                               |          |  |



# TAX ILLUSTRATION M

## TAX IMPACT (Based on 1967 Metro and City Estimates and 1966 Assessment)

|  | PRESENT LEGISLATION |                         | WITH UNIFORM MILL RATE |                         | All Ontario Committee on Taxation Recommendations Implemented 7.0355 |
|--|---------------------|-------------------------|------------------------|-------------------------|--|
|  | 1967 Actual         | Transfer Admin. Justice | 1967 Actual            | Transfer Admin. Justice |  |
| General and Special Metro - Mill rate    | 25,6058             | 24,5502                 | 22,5758                | 21,5203                 |  |
| Tax \$                                   | \$ 256.06           | \$ 245.50               | \$ 225.76              | \$ 215.20               | \$167.52   |
| City - Mill rate                         | 26.0942             | 26.0942                 | 25.8067                | 25.8067                 | 10.9309  |
| Tax \$                                   | \$ 260.94           | \$ 260.94               | \$ 258.07              | \$ 258.07               | \$260.26   |
| Total - Mill rate                        | 51.7000             | 50.6444                 | 48.3825                | 47.3270                 | 17.9664  |
| Tax \$                                   | \$ 517.00           | \$ 506.44               | \$ 483.83              | \$ 473.27               | \$ 427.78  |
| Educational - Public Metro - Mill rate   | 46.8350             | 46.8350                 | 44.7570                | 44.7570                 | 15.5650  |
| Tax \$                                   | \$ 468.35           | \$ 468.35               | \$ 447.57              | \$ 447.57               | \$370.60   |
| City - Mill rate                         | .8850               | .8850                   | .8466                  | .8466                   | .3447  |
| Tax \$                                   | \$ 8.85             | \$ 8.85                 | \$ 8.47                | \$ 8.47                 | \$ 8.20  |
| Total - Mill rate                        | 47.7200             | 47.7200                 | 45.6036                | 45.6036                 | 15.9097  |
| Tax                                      | \$ 477.20           | \$ 477.20               | \$ 456.04              | \$ 456.04               | \$ 378.80  |
| Educational - Separate Metro - Mill rate | 46.7212             | 46.7212                 | 43.6775                | 43.6775                 | 13.6419  |
| Tax                                      | \$ 467.21           | \$ 467.21               | \$ 436.77              | \$ 436.77               | \$ 324.81  |
| City - Mill rate                         | .4938               | .4938                   | .4719                  | .4719                   | .1819  |
| Tax \$                                   | \$ 4.94             | \$ 4.94                 | \$ 4.72                | \$ 4.72                 | \$ 4.33  |
| Total - Mill rate                        | 47.2150             | 47.2150                 | 44.1494                | 44.1494                 | 13.8238  |
| Tax \$                                   | \$ 472.15           | \$ 472.15               | \$ 441.49              | \$ 441.49               | \$ 329.14  |
| P.S.                                     | \$ 994.20           | \$ 983.64               | \$ 939.87              | \$ 929.31               | \$ 806.58  |
| S.S.                                     | \$ 989.15           | \$ 978.59               | \$ 925.32              | \$ 914.76               | \$ 756.92  |

Hypothetical Business Assessment

Present and Proposed  
10,000 23,810





APPENDIXES - RECOMMENDATIONS OF O.C.T.  
A DETAILED ANALYSIS





Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

8:1      The Province raise the average level of  
education grants to 60 percent of school  
board expenditure over a three-year period.  
(Vol. I, p.278)

At first glance it might be thought that this recommendation means that provincial grants for education would simply be increased to the point where they represented 60 percent of the expenditures of each individual school board. Such is apparently not the case for the O. C. T. was clearly referring to the "average level of education grants" to meet education expenditures throughout the Province as a whole. For example, if grants are provided to meet 60 percent of the total of all expenditures by school boards in the Province, it would not necessarily mean that each school board would receive a grant equal to this percentage of its expenditures.

The O. C. T. Report states (Vol. I, p.278) that the present average level of school grants is "about 45 percent." However, an examination of the 1967 Metropolitan School Board estimates reveals that provincial grants in that year were expected to cover about 22 percent of the Board's estimated expenditures or approximately one-half the provincial



average.

A schedule has been developed with hypothetical figures to illustrate the effect of increasing the average level of grants from the present 45 per cent to 60 per cent. This hypothetical table is set out in Schedule I on the following page.



Schedule I: Effect of a 33 Per Cent Increase  
(45 Per Cent to 60 Per Cent) in  
Average Level of Provincial Grants  
for Education (Hypothetical)

| Per Cent of<br>Provincial<br>School Board<br>Total Expend-<br>itures at<br>Various Grant<br>Levels | PRESENT                           |                      |   | PROPOSED                          |                      |   |
|--|-----------------------------------|----------------------|---|-----------------------------------|----------------------|---|
|  | % of Total<br>Provincial<br>Grant | Total<br>Grant<br>\$ | % of<br>School Board<br>Expenditures<br>(covered by<br>Grant) | % of Total<br>Provincial<br>Grant | Total<br>Grant<br>\$ | % of<br>School Board<br>Expenditures<br>(covered by<br>Grant) |
| 4.57% at maximum   | 10%                               | 10,000,000           | 90%   | 7.5%                              | 10,000,000           | 90%   |
| 7.26% 90% - 100%<br>of maximum   | 10%                               | 10,000,000           | 85%   | 8.7%                              | 11,588,000           | 90%   |
| 25.69% 30% - 90%<br>of maximum   | 40%                               | 40,000,000           | 67%   | 37.5%                             | 50,000,000           | 83%   |
| 62.48% 20% - 30%<br>of maximum   | 40%                               | 40,000,00            | 25%   | 46.39%                            | 61,412,000           | 38%   |
|  |                                   |                      |   |                                   |                      |   |
| <u>100.00%</u>   | <u>100%</u>                       | <u>100,000,000</u>   | <u>41%</u>  | <u>100%</u>                       | <u>133,000,000</u>   | <u>55%</u>  |





This hypothetical example shows that increasing the grant by 33 per cent increases the proportion of grant covered school board expenditures of the low percentage boards by 52 per cent (the increase from 25% to 38%). Consultation with officials of the Ontario Institute for Studies in Education indicated that an overall increase in grant levels should have a higher proportionate effect on boards now having a relatively small proportion of their expenditures covered by provincial education grants. Although it is not possible to arrive at precise dollar increases in educational grants to Metro, it is not inconceivable that the increase might be in order of 50 per cent for Metro on a 33 per cent increase in overall provincial educational assistance.

While it is possible that under the O.C.T. proposal to raise the average level of overall provincial aid to education the Metro School Board might benefit to the extent of a 50 per cent increase in provincial grants it has been assumed, for the purpose of estimating, that such grant aid will be expanded by 33 per cent. This is equal to the proposed increase in the average level of provincial financial assistance from 45 per cent to 60 per cent. The effect of this increase on Metro School Board revenue requirements together with other adjustments proposed by the O.C.T. is set out in Schedule 2 on the following page.



Schedule 2: Effect of O. C. T. Recommendations  
on Metro Public and Separate School  
Board Revenue Requirements

| <u>Revenue Item</u>  | <u>1967 Estimates</u>     |                              |                             |
|--|---------------------------|------------------------------|-----------------------------|
|  | <u>Public<br/>Schools</u> | <u>Secondary<br/>Schools</u> | <u>Separate<br/>Schools</u> |
| <u>1. Estimated 1967 Provincial<br/>Grants</u>   |                           |                              |                             |
| (a) General Legislative,<br>including capital<br>expenditures out of<br>revenue, practice<br>teaching, etc.  | 31,877,000                | 28,125,000                   | 12,135,000                  |
| (b) Corporation Tax<br>Adjustment Grant  | ---                       | ---                          | 10,900,000                  |
| (c) Total Grant Aid  | <u>31,877,000</u>         | <u>28,125,000</u>            | <u>23,035,000</u>           |
| (d) Proportion of Total<br>General Legislative<br>Grants to Each School  | <u>44.19%</u>             | <u>38.99%</u>                | <u>16.82%</u>               |
| <u>2. Increase of overall<br/>provincial grant<br/>levels from 45 percent<br/>to 60 percent</u>  |                           |                              |                             |
| (a) One-third of general<br>legislative grant (item<br>1 (a) above) <sup>(1)</sup>   | 10,625,000                | 9,375,000                    | 4,045,000                   |
| (b) Assumption by Province<br>of costs of English,<br>French and citizen-<br>ship courses  | ---                       | 178,000                      | 35,000                      |
| (c) Elimination of<br>Corporation Tax<br>Adjustment Grant  |                           |                              | (10,900,000)                |
| (d) Restoration of an amount<br>equal to Corporation<br>Tax Adjustment<br>Grant in order to bring<br>provincial grant total back<br>to an average level of 45<br>percent. Allocated on the<br>basis of percentages in 1<br>(d) above | <u>4,817,000</u>          | <u>4,250,000</u>             | <u>1,833,000</u>            |
| Total Increase<br>Provincial Grant<br>Revenue  | \$<br><u>15,422,000</u>   | \$<br><u>13,803,000</u>      | \$<br><u>(4,987,000)</u>    |

- (1) To determine that various "acceleration" recommendations relative to pupil factor and capital costs were within the framework of the recommended overall increase in provincial aid to education, a detailed calculation of the effect of changing the average daily enrolment figures on the Basic Tax Relief Grant was made and then the percentage increase was applied to all other grants except those recommended for elimination (without a corresponding reimbursement under the Ontario Foundation Tax Plan). The other assumption made is that the acceleration in the Recognized Extraordinary Expenditure Grant will correspond to the acceleration in the Average Daily Enrolment. This not unreasonable assumption was taken due to the unavailability of data regarding the portion of these 1967 estimated expenditures that would be recognized by the Province for grant purposes.



The increase in provincial grants for public schools indicated in Schedule 2 represents the extent to which the revenue requirements of the Metro Public School Board will be reduced. Total reduction has been estimated at \$29,225,000 (\$15,422,000 + \$13,803,000).

While separate schools will experience an actual deficit in provincial grant revenue, estimated at \$4,987,000, this will be more than offset by an increase in the share of the property tax levy on corporations which will replace the present Corporation Tax Adjustment Grant to separate schools. For example, it has been estimated that the present taxable assessment total for Separate School support of \$395,000,000 will increase to \$1,810,585,000 - an increase of more than fourfold which will yield a corresponding increase in property tax revenue for the support of the Metro Separate School Board.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

- 9:1 All local responsibilities for the administration of justice related to the functioning of the county courts, the county jails, the regional detention centres, the registry offices and the land titles offices be transferred to the Province, and the local responsibility for all other courts be transferred to the Province under arrangements providing for
- (a) appropriate apportionment of the revenue from fines between the municipalities and the Province, and
- (b) recognition of the interest of local public welfare officials in the proceedings. (Vol.II,p.23)
- 21:20 All provincial grants on behalf of the administration of justice be abolished. (Vol. II, p. 438)

These recommendations have now been accepted by the Province and the Treasurer of Ontario, in a statement dated February 16, 1968, outlining how these are to be implemented. The following is from his statement.

"In summary, the Government proposes the following arrangements, all effective January 1, 1968:

1. Payment to municipalities of all revenues from local by-law fines;





2. Payment to municipalities of a 50¢ per capita grant to represent an apportionment of revenue from fines levied under non-municipal legislation (plus \$1.00 per capita to municipalities in our Northern Districts);
3. Relieving the municipalities of all expenditures relating to administration of justice, including the costs of all courts, registry and land titles offices and jails, and such items as fees and expenses payable to jurors, crown witnesses, coroners, court constables and court officials and other related matters;
4. Withdrawal of other revenues from administration of justice sources including fees from registry and land titles offices, fines under non-municipal legislation, share of revenue from liquor fines and highway traffic fines, grants under The Fire Departments and Police Acts and the special per capita grant relating to Indian Reserve population.

This is the second of three stages in the process of removing the burden of administration of justice costs from the municipal taxpayer. The first was the inclusion into the Ontario public service of municipal staffs engaged in the administration of justice and operation of local jails.

Municipalities were relieved of the costs of salaries and benefits for these employees on January 1, 1968.

The third and final phase, that of arrangements for assuming costs of accommodation for administration of justice functions, will require considerable more time to resolve, although we have provided for funds to meet anticipated expenditures which up to this year have been the responsibility of the municipalities and counties. The considerations are complex, involving debt retirement charges, leases, rentals, operational and maintenance costs relating to accommodation for administration of justice. Con-



ditions vary so widely from jurisdiction to jurisdiction that a major survey, now under way, must be finished before arrangements can be completed with the municipalities.

Nevertheless, in preparing their 1968 budgets, municipalities can anticipate reimbursement by the Province of all costs outlined above, as from January 1 and on a quarterly basis."

Had these recommendations been implemented as indicated in 1967, their estimated effect on the Metro levy in that year is as set out in the table below:

Effect on Metro Levy of the Transfer of Responsibility for  
Administration of Justice from Metropolitan Toronto to  
Province of Ontario

|      |  |                |                    |
|------|--|----------------|--------------------|
| I.   | <u>Transfer of Net Costs</u>   | \$             | \$                 |
|      | (a) General Courts and Inquests  | 3,295,427      |                    |
|      | (b) Toronto Jail   | 1,700,534      |                    |
|      | (c) Registry and Land Titles Offices   | 180,339        |                    |
|      | (d) Division Courts  | 33,190         |                    |
|      | (e) Juvenile and Family Courts   | <u>843,967</u> | 6,053,457          |
| II.  | <u>Elimination of Grants Under the<br/>Police and Fire Departments Acts</u>  |                | (210,000)          |
| III. | <u>Transfer of Costs of Magistrates' Courts</u>  |                | 3,275,604          |
| IV.  | <u>Loss of Court Fines and Fees to Province and Application of Per Capita Payments to Metro</u>  |                |                    |
|      | (a) Court fines and fees (Estimated at 80% of \$6,100,000 the approximate amount which Metro estimates is applicable to non-municipal legislation) | (4,880,000)    |                    |
|      | (b) Acquisition of 50% per capita grant as per Treasurer's Statement. (1,845,904 x 50¢)  | <u>922,952</u> | <u>(3,957,048)</u> |
|      | <u>Net Reduction in 1967 Metro Requirements</u>  |                | <u>5,162,013</u>   |



## Appendix III

Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

11:10 The necessary changes be made in municipal and school legislation to require mill rates for commercial and industrial taxpayers to be uniform with those for residential and farm taxpayers. (Vol.II, p. 86)

The effect of the implementation of this recommendation is the abolition of the split mill rate in the City of Toronto as between residential and business property. This recommendation should be considered along with Recommendation 11:16 which requires that all real property, of whatever class, be assessed at 100 percent of "actual current value". However, the property tax is to be applied on 70% of the "current actual value" of residential property and on 100 percent of the value of business property, split 50/50 between owner and occupant.

It is clear that, under the recommendations, all property must first be assessed at 100 percent of "current actual value" and a uniform property tax rate is to be levied of such assessed property as follows:

- on 70 percent of the assessed value in the case of residential property,
- on 50 percent of the assessed value in the case of owner of real property, and
- on 50 percent of the assessed value in the case of occupant of a business property.





Thus, there will be a differential in the actual taxes paid, despite the uniform mill rate, because of the 70 percent factor applicable to residential property as compared with the 100 percent factor in the case of business property.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

- 11:11 From the taxable assessment of residential property there be allowed a basic shelter exemption in respect of each self-contained dwelling unit of  
    (a) \$2,000 multiplied by the provincial equalization factor for the municipality, or  
    (b) 50 percent of the residential taxable assessment applicable to the self-contained dwelling unit,  
    whichever is the lesser. (Vol. II, p.95)
- 21:24 The Province pay to each tax-levying local authority a Basic Shelter Exemption Grant calculated annually by applying the authority's mill rate to the aggregate of the basic shelter exemptions applicable to the residential and farm properties within its boundaries. (Vol II, p.440)

As the basic shelter exemption will apply in all municipalities and since the municipal tax loss resulting therefrom will be compensated exactly by the corresponding provincial grant, these recommendations will have no effect on the City's budget except to replace some tax revenue by grant revenue; and there will be no indirect effect via the Metropolitan levy. However, the provision of the Basic Shelter Exemption Grant will have the effect of providing a measure of relief to the individual taxpayer. The calculation



below furnishes an indication of the probable extent of this relief.

The formula for calculating the grant has been applied to both the assessment used for 1967 taxes (for which the provincial equalization factor was 32), and the "100% of actual current value" assessments proposed by the O. C. T. recommendation 11:11 (for which the equalization factor would be 100). However, the results would only be the same in terms of tax relief to homeowners, if the current provincial equalization factor in fact indicated the proportion of actual current value which present residential and farm assessments in the municipality represent. Since this does not appear to be the case in Toronto, the calculation of its effects has been undertaken both on the basis of the 1967 provincial equalization factor for Metro assessments (which is a weighted average factor for residential and non-residential assessments alike), and again on the basis of a factor devised for residential assessments alone derived from the experience of the Metropolitan Toronto Assessment Department along with data from an extensive survey of 1967 assessment sales ratios undertaken by the City of Toronto Real Estate Department.

The other key figures required for the calculation are the total number of self-contained dwelling units in the



City together with the number of these with present taxable assessments less than twice the product of \$2,000 X the equalization factor, for which the "50% of assessment" limit will determine the amount of the exemption.

Before proceeding with the calculations it should be noted that, in addition to the question raised above pertaining to equalization factors, there are also some problems associated with the other key figures. The O. C. T. did not define "self-contained dwelling unit" and while the intent seems clear the fact is that dwellings may be self-contained to varying degrees. Since assessors have not previously been required to obtain dwelling counts according to any precise definition of the unit, it is understandable that the figures available from assessment records may be open to question. On the other hand, the Census of Canada which does count dwelling units does not define them as being necessarily self-contained so that this is not a satisfactory alternative source of data for the purpose. It seems clear the Province will have to define the unit before paying the grants. However, the effect such definition may have on the City's total number of units, which has been obtained from the Metro Assessment Department, cannot be predicted at this time.





A tabulation has been obtained of the actual number of dwellings in the City for which the amount of the exemption will be set by the limit of 50% of the assessment, but this has only been possible for non-apartment dwellings and for the one equalization factor of 32 due to the limited time available for this study. Assumptions must therefore be made about the apartments and the likely effect of using the other equalization factor.

A. Calculation based on the provincial equalization factor of 32

|  |               |
|--|---------------|
| (a) No. of self-contained dwellings of all types in the City, 1967. (Including former Forest Hill and Swansea)   | 182,665       |
| (b) No. of dwellings having a taxable assessment of less than \$1,280 in 1967 ( $\$2,000 \times .32 = \$640 \times 2 = \$1,280$ ). (Assuming no apartments are in this category because there are relatively few older apartment buildings and their suites are generally larger than average) | 2,113         |
| (c) Exemption of (b) = 50% of their taxable assessment   | \$ 654,068    |
| (d) No. of dwellings having a taxable assessment of \$1,280 or more (a) - (b)  | 180,552       |
| (e) Exemption on these:<br>per unit(= $\$2,000 \times 32\% = \$640 \times 180,552$ )<br>Total  | \$115,553,280 |

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|   |               |
|---|---------------|
| Total basic shelter exemption (c) + (e) | \$116,207,348 |
|---|---------------|

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A factor of 25 was derived from analysis by the Metropolitan Toronto Assessment Department of residential sales and other data for 1967. A factor of 21.5 was derived from a survey of 4,760 residential sales in 1967, undertaken by the City of Toronto Real Estate Department. The factor of 23 has been chosen to reflect both sets of findings.

Since this is a purely residential factor and residential market values are generally assumed to be rising faster than non-residential, and since it was derived from 1967 data rather than 1966 (as in the case of the provincial factor), it is thought to give a considerably more reliable indication of the 1967 relationship of assessed to actual current values than the provincial factor of 32.

B. Calculation based on a residential equalization factor of 23

|  |           |
|--|-----------|
| (a) No. of self-contained dwellings  | 182,665   |
| (b) Estimated No. of dwellings having a taxable assessment of less than \$920 in 1967<br>(estimate based on \$ <u>920</u> = 71.87% of 2,113)<br>\$1280 | 1,519     |
| (c) Estimated exemption on (b)<br>(71.87% of \$654,068)  | \$470,079 |
| (d) Estimated No. of dwellings having a taxable assessment of \$920 or more (a) - (b)  | 181,146   |



|  |              |
|--|--------------|
| (e) Estimated exemption on (d)             |              |
| per unit(= \$2,000 x 23% =\$460 x 181,146) |              |
| Total                                      | \$83,327,160 |

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|   |              |
|---|--------------|
| Total estimated basic shelter exemption |              |
| (c) + (e)                               | \$83,797,239 |

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From these calculations it is clear that it is very much to the advantage of City residential property owners to use the provincial equalization factor in calculating the exemptions, rather than a more recent and refined factor.

In order to calculate the amount of the Basic Shelter Exemption Grant which is to equal the tax loss occasioned by the exemption, it is only necessary to apply the mill rate of each tax levying local authority involved. However, a complication arises because of the different City mill rates applicable in 1967 to public and separate school supporters on the one hand, and to properties in former Toronto, Forest Hill and Swansea, on the other.

The latter problem can be dealt with by using the weighted average 1967 mill rates for the former City, Forest Hill and Swansea, as given in the general notes. But to overcome the former difficulty it is necessary to split the basic shelter exemption totals into public school and separate school supporting components. Such a breakdown has been estimated





on the basis of the division of total residential assessment for 1967 taxes in the enlarged City, 12.9% of which was separate school and 87.1% public school supporting.

The calculation of the Basic Shelter Exemption Grant is then as follows:

Basic Shelter Exemption Grant -- Equalization Factor 32

|   | Public School<br>Supporting<br>Exemption<br>\$101,216,600 |           | Separate School<br>Supporting<br>Exemption<br>\$14,990,748 |           | Total<br>Grant |
|---|---|-----------|--|-----------|----------------|
|   | Mill<br>Rate  | Grant \$  | Mill<br>Rate   | Grant \$  | \$             |
| City-   |   |           |  |           |                |
| general                                       | 25.29190  | 2,559,960 | 25.79291   | 386,655   | 2,946,615      |
| education                                     | .79853  | 80,824    | .44588   | 6,684     | 87,508         |
| total   | 26.09043  | 2,640,784 | 26.23879   | 393,339   | 3,034,123      |
| Metro-  |   |           |  |           |                |
| general                                       | 19.53271  | 1,977,034 | 19.53271   | 292,810   | 2,269,844      |
| education                                     | 42.15147  | 4,266,428 | 17.02912   | 255,279   | 4,521,707      |
| total   | 61.68418  | 6,243,462 | 36.56183   | 548,089   | 6,791,551      |
| Metro Separate<br>School Board -<br>education |   |           | 25.02000   | 375,069   | 375,069        |
| Grand Total                                   | 87.77461  | 8,884,246 | 87.82062   | 1,316,497 | 10,200,743     |

Note: The weighted average mill rates used in this table pertain to taxable assessment for 1967 taxes, with the partial graded exemption in effect.



Thus the total relief to city residential ratepayers from the Basic Shelter Exemption Grant would have amounted to over \$10,000,000 for 1967, an average of about \$55.85 per unit. However, as a likely offset to part of this it should probably be assumed that the present partial graded exemption granted by the City to some 54,000 single family dwelling units may be expected to terminate with the advent of the Basic Shelter Exemption Grant. (Certainly the O.C.T. was opposed to it and while the Province has not yet decreed that it must go it seems likely that the City would regard the Basic Shelter Exemption Grant as sufficient reason to end the partial graded exemption).

This present partial exemption applies only in the City (including former Forest Hill and Swansea)<sup>(1)</sup> and only to the general rate on single family dwelling structures assessed at \$4,400 or less. The exemption applies to the building only and not the site.

The total assessment thereby exempted from the 1967 residential general rate was \$40,905,917. Metro does not recognize the partial graded exemption in apportioning its levy,

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(1) The former town of New Toronto had also granted partial graded exemptions (the only municipality in the Province other than Toronto to have done so), but they were eliminated when New Toronto became part of the Borough of Etobicoke January 1, 1967.



but the City nevertheless grants the exemption from both the local and metro general rates combined. The ratepayers benefit and corresponding city tax loss occasioned thereby was accordingly \$1,777,469 in 1967.<sup>(1)</sup>

The effect on the taxpayers now enjoying the partial graded exemption of replacing it by the Basic Shelter Exemption Grant is shown on the following page. It will be noted that although the Basic Shelter Exemption Grant is less for some 75% of the properties involved, the tax relief it provides is greater because it grants exemption from school as well as general taxation.

(1) Calculated by using the weighted average local general (including library) residential rate for public and separate school supporters in former Toronto, Forest Hill and Swansea, all combined = 25,35653 mills, plus the Metro general rate = 18,09609 mills  
total = 43,45262



Effect of Basic Shelter Exemption on Taxpayers now Entitled  
to Partial Graded Exemption (1)

|  | Partial Graded<br>Exemption Equal<br>or Greater than<br>Basic Shelter<br>Exemption | Partial Graded<br>Exemption<br>less than<br>Basic Shelter<br>Exemption | Total        |
|--|--|--|--------------|
| No. of Properties                                      | 40,931   | 13,163   | 54,094       |
| Partial Graded Exempt<br>Assessment                    | \$33,892,604   | \$6,305,613  | \$40,198,217 |
| Basic Shelter Exempt<br>Assessment                     | \$26,019,511   | \$8,422,868  | \$34,442,379 |
| Tax Relief -- P.G.E.<br>at 44.22 mills                 | \$ 1,498,731   | \$ 278,834   | \$ 1,777,565 |
| Tax Relief --B.S.E.<br>at 86.3 mills                   | \$ 2,245,484   | \$ 726,894   | \$ 2,972,378 |
| Net Increase in Tax<br>Relief -- B.S.E.<br>over P.G.E. | \$ 746,753   | \$ 448,060   | \$ 1,194,813 |

Note: (1) Figures in this table differ slightly from comparable figures previously given, as this table is based on assessment as returned but not revised, and public school mill rates for the former City were used here instead of the weighted average mill rates.

(2) Mill rate required to produce the 1967 levy if there were no partial graded exemption.

The average net increase in tax relief afforded to  
taxpayers now enjoying the partial graded exemption would





therefore amount to about \$22.10.

It can be concluded that O. C. T. recommendations 11:11 and 21:24 taken together will provide significant tax relief to City ratepayers without any effect on total city revenues. However, the average tax relief of about \$55 per self-contained dwelling will not be attained by those now enjoying a partial graded exemption if the latter is allowed to lapse; their net gain will only average about \$22.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

- 11:16 (a) All real property, whether taxable or not, be assessed each year at 100 per cent of actual current value;
- (b) Residential properties, recreational properties and wasteland be subject to property tax on a taxable assessment of 70 per cent of assessed value;
- (c) Business properties, other than transportation and communications properties, but including working farms and taxable mining properties, be subject to property tax on a taxable assessment of 50 per cent of the assessed value;
- (d) Occupants of business properties other than working farms and transportation and communications properties, but including taxable mining properties, be subject to business occupancy tax on a taxable assessment of 50 per cent of the assessed value of the occupied property at the same mill rate as the property tax; and
- (e) Roadways and rights-of-way over land used by transportation and communications businesses be exempt from property and business occupancy taxes, and other properties of such businesses be subject to property tax and the occupants thereof be subject to business occupancy tax on a basis to be determined when the assessment of the properties has been completed. (Vol.11,p.119)

This is really several recommendations in one. With a single exception however, the way in which each has been incorporated into the study is either self evident from the



tabular presentation, or has been dealt with elsewhere in the appendices.

The exception is part (a) of 11:16, i.e. that "all real property, whether taxable or not, be assessed each year at 100 per cent of actual current value."

In handling this point in the Study, the assumption made was that we are only really concerned with what will be taxable assessment under the O. C. T. proposals, and only this has been brought up to 100 per cent of actual current value.

The technique used to accomplish this was to apply the most reliable equalization factors we could obtain for each of the major property classifications in order to estimate the amount by which the present assessed value of each would be raised if reassessed at actual current value.

The factors used are set out in the following table, along with their reciprocals, which are the factors by which the present assessed values are multiplied to produce the estimated 100 per cent of actual current value.





| <u>Property Class</u>     |                         | <u>Equalization Reciprocal<br/>Factor</u> |        |
|---------------------------|-------------------------|---|--------|
| Residential               | -houses                 | .23                                       |        |
|                           | -multiple dwellings     | .35                                       |        |
|                           | -weighted average -City | .2764                                     | 3.6179 |
|                           | -Boroughs               | .2553                                     | 3.9169 |
| Commercial and Industrial |                         | .42                                       | 2.3809 |
| Exempt                    | -government             | .32                                       |        |
|                           | -non-government         | .24                                       |        |
|                           | -weighted average -City | .2829                                     | 3.5348 |
|                           | -Boroughs               | .2801                                     | 3.5701 |



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

Appendix VI

12:1 The Province make payments in lieu of school taxes on its properties, in addition to those now made in lieu of municipal taxes, and to the extent that they apply to elementary schools, such payments, as well as those now made by the Hydro-Electric Power Commission of Ontario, be computed at the lower of the public or separate mill rate applicable where each property is situated and be distributed to the school boards on the basis of pupil enrolment. (Vol.11,p.141)

12:3 The Province and all its agencies, and the Hydro-Electric Power Commission of Ontario undertake to make full payments in lieu of municipal, school, business occupancy and local improvement levies on their properties other than

- (a) public highways,
- (b) land betterment works, to the extent that they convey an unrestricted community benefit,
- (c) recognized historic sites that are not being exploited commercially, and monuments or memorials, except to the extent of their utilitarian value, and
- (d) remote or undeveloped Crown lands not under lease or subject to mining or timber rights and not benefiting from local government services,

except to the extent that such payments are reduced in recognition of local services provided by the owner of the property upon agreement with the local authorities, who shall have a right of appeal to the Ontario Municipal Board as to the amount of any such reduction.  
(Vol.11, p.146)



- 12:6 After introducing a system of full payments in lieu of taxes on provincial and Hydro properties, the Province petition the federal government to extend its system of grants-in-lieu of taxes on federal properties, including the properties of Crown corporations and agencies, to parallel the basis of payments in lieu of taxes on provincial properties, subject to:
- (a) retention of the exemption of Indian reserves;
  - (b) federal decision respecting the precise basis of grants for school purposes;
  - (c) continuation of the present method of assessing federal properties for grants in lieu of taxes; and
  - (d) continuation of the referral of all matters relating to federal grants in lieu of taxes to the Minister of Finance for final determination.  
(Vol.11, p.151)
- 12:7 (a) Local government property occupied for purposes of a business enterprise be taxable on the same basis as private business property and
- (b) Full taxes, excluding levies for county, metropolitan or other second-tier requisitions, be payable to local municipalities and to school boards on all other properties of
    - (i) an upper-tier municipality,
    - (ii) a local authority whose territorial jurisdiction overlaps municipal boundaries,



- (iii) a local municipality situated outside its boundaries, or
- (iv) a local board situated outside the municipality where it exercises jurisdiction. (Vol.11, p.154)

13:2 Real property used for transportation of communications enterprises be assessable on the same basis as other real property; and

- (a) the responsibility for assessing the properties of transportation and communications enterprises that overlap assessment jurisdictions be assigned to the Assessment Branch of the Department of Municipal Affairs, and assessment of such properties be subject to appeal by the local taxing jurisdictions within which they are situated, and
- (b) the Assessment Branch be empowered
  - (i) to assess other transportation and communications properties at the request of the responsible local jurisdictions, and
  - (ii) to relinquish to local jurisdictions the responsibility for assessing transportation and communications properties where the extent of overlapping jurisdiction is nominal.  
(Vol.11, p.225)

17:9 Necessary legislative action be taken to ensure that all municipal revenue-earning enterprises pay full taxes, including business taxes, and that they charge for all services provided by them including services supplied to parent municipalities. (Vol. 11, p.343)





These O. C. T. recommendations are concerned with government-owned properties, which are currently exempt from taxation, transportation and communications enterprises. They are dealt with together because of the significant amount of overlapping among them.

#### Federal and Provincial Government Properties

Essentially the same recommendations are made for properties of both the provincial and federal governments, taking into account the fact that O. C. T. could recommend to the Province but only suggest that the Province request the cooperation of the federal authorities. In brief, O. C. T. recommends that both make payments in lieu of full municipal taxes on all but a few special types of property held by the Crown and Crown agencies, that tax reductions be allowed where they provide their own local services, and that school taxes be determined using the lower of the public and separate school mill rates applicable where each property is located, and allocated to the school boards on the basis of pupil enrolments.

Federal government properties in the City of Toronto now essentially meet the tax-paying requirement as shown in Table III Chapter IV, but this is not the case



in the Metro Boroughs. This difference reflects not favouritism, but the fact that the classes of property which the Federal government does not accept full tax liability for are not represented in the City.

The Province, on the other hand, has large amounts of property in both the "paying" and "non-paying" categories in both the City and the Boroughs.

Also of significance are the tax rates paid with respect to various properties in the "paying" category. A breakdown of these is given in the accompanying table, which illustrates the importance to the City of the O. C. T. recommendation that the Province should accept full liability for payment of school as well as general taxes on all its properties.

#### O. C. T. Categories

The allocation of the O. C. T. categories to the residential or commercial rate presented a problem for the Federal and Provincial properties, because, as shown in the table, most of them are now paying at the commercial rate.

After thorough consideration of the O. C. T. definition given, Vol.11, p.100, and of the nature of the



Realty Assessment of Federal and Provincial  
Properties for which Grants-in-lieu of Taxes  
were Payable in 1967, and Approximate Amounts  
of the Grants Received.

|                   |              |              | <u>Rates Paid</u>                        |                     | <u>1967 Grants-in-lieu</u>  |
|-------------------|--------------|--------------|--|---------------------|-----------------------------|
|                   |              |              | <u>Residential<br/>or<br/>Commercial</u> | <u>General Only</u> | <u>General &amp; School</u> |
| <u>Federal</u>    |              |              |  |                     |                             |
| <u>City</u>       |              |              |  |                     |                             |
|                   | Crown        | -residential |  | 475,883             | )                           |
|                   |              | -commercial  |  | 24,545,484          | )                           |
|                   | Crown Agency | -residential |  |                     |                             |
|                   |              | -commercial  |  | <u>1,518,650</u>    | <u>150,984</u>              |
|                   | -Total       |              |  | <u>26,540,017</u>   | <u>2,628,113</u>            |
| <u>Boroughs</u>   |              |              |  |                     |                             |
|                   | Crown        | -residential |  | 2,001,027           | )                           |
|                   |              | -commercial  |  | 12,325,239          | )                           |
|                   | Crown Agency | -residential |  | 188,498             | )                           |
|                   |              | -commercial  |  | <u>1,163,232</u>    | )                           |
|                   | -Total       |              |  | <u>15,677,996</u>   | <u>1,613,758</u>            |
| <u>Provincial</u> |              |              |  |                     |                             |
| <u>City</u>       |              |              |  |                     |                             |
|                   | Crown        | -residential |  | 93,880              | )                           |
|                   |              | -commercial  | 25,331,615                               |                     | )                           |
|                   | Crown Agency | -residential |  |                     | )                           |
|                   |              | -commercial  | <u>9,964,170</u>                         | <u>6,178,545</u>    | )                           |
|                   | -Total       |              | <u>35,295,785</u>                        | <u>6,272,425</u>    | <u>3,019,881</u>            |
| <u>Boroughs</u>   |              |              |  |                     |                             |
|                   | Crown        | -residential |  | 213,950             | )                           |
|                   |              | -commercial  | 8,378,980                                |                     | )                           |
|                   | Crown Agency | -residential |  |                     | )                           |
|                   |              | -commercial  | <u>224,780</u>                           | <u>17,830,551</u>   | )                           |
|                   | -Total       |              | <u>8,603,760</u>                         | <u>18,044,501</u>   | <u>2,860,714</u>            |

Note:

\* Includes business tax on \$7,130,280 business assessment not included in the property assessment figure.





various senior government undertakings in the Metro area, it was concluded that the intent of the O. C. T. recommendations would probably be served by allocating the properties held in the name of the Crown to the O. C. T. residential category, and those held by a Crown agency to the commercial category. A similar approach was followed, subsequently, with municipal-owned properties where the revenue-earning enterprises operated by municipal commissions or agencies were placed in the O. C. T. commercial category, and other municipal properties were classed as residential.

#### School Support

Allocation of school support for all the government properties was determined on the basis of pupil enrolment as recommended by O. C. T. But the O. C. T. recommendation concerning use of the lower of the public and separate school mill rates was not followed because of time limitation imposed on the Study. (For a more complete discussion of the implications of this latter point, appendixes on the O. C. T. recommendations regarding non-government exempt properties should be examined).



Excluded Categories

Categories excluded from tax liability under the O. C. T. recommendations include

- (a) public highways,
- (b) land betterment works, to the extent that they convey an unrestricted community benefit,
- (c) recognized historical sites that are not being exploited commercially, and monuments or memorials, except to the extent of their utilitarian value,
- (d) remote or undeveloped Crown lands not under lease or subject to mining or timber rights and not benefiting from local government services.

Of these, (d) obviously does not apply.

Item (a), public highways, are not assessed. Therefore, excluding them from the assessment compilations posed no problem.

After investigation it was also determined that no land betterment works are on the Metro assessment rolls.

This then leaves only the historical sites.

On investigation it appears that in Metro these are all municipally owned and among the class of municipal-owned properties which will continue to retain their present exempt status under the O. C. T. recommendations.



Thus no special adjustments of any kind were required to allow for these exclusions in compiling the data used in the Study.

#### Provision of Own Services

Allowance for provision of their own services by certain senior government properties was necessary. However, the only properties involved are owned by the Federal government.

The assessment equivalents of the "own-service" tax reductions involved were determined for 1967 as follows:

City           \$   470,793

Boroughs   \$ 2,284,586

These figures were deducted then from the exempt assessment totals on assessment roll to arrive at the figures used in Tables III and IV, Chapter 4, of exempt assessment to be added under the O. C. T. recommendations.

#### Other Adjustments

Other adjustments included classing the assessment on Sunnybrook Hospital, formerly a Federal government property, but transferred to university ownership on October 1, 1966, with the other hospitals, and listing the exempt properties of foreign governments under the "Federal Government" heading in the Study tables.



This is in accord with the O. C. T. suggestion that the Federal government might assume responsibility for tax payments to municipalities on their behalf

Finally, an estimated addition to H.E.P.C. assessment was added as a result of the O. C. T. recommendations on transportation and communication enterprises. This is discussed below under the latter heading.

Municipal Government Properties, Municipal  
Revenue Earning Enterprises and Transportation  
and Communication Enterprises.

Municipal Government Properties

The O. C. T. recommendations pertaining to municipal properties state that any occupied for purposes of a business enterprise should be taxable on the same basis as private business property, and that properties belonging to another municipality (including an upper-tier municipality) should pay full taxes to the municipality wherein each property is located. This to include school levies but excluding levies for metropolitan or other second-tier requisitions. All other municipal properties are to remain exempt.

There are a few properties occupied for purposes of a business enterprise which are not rented out to private





concerns, usually on a relatively short term basis, already on the tax roll.

The properties belonging to other municipalities are the remaining category and have been shown separately in Tables III and IV of exempt assessment to be added to the tax base under the O. C. T. proposals.

Properties listed as belonging to the Municipality of Metropolitan Toronto, i.e. the jails and courts, have been shown separately. These will become provincial government properties for tax purposes, as part of the Province's assumption of the costs of administration of justice.

It should be noted that in calculating the mill rate required for the Metro levy under the assumption that all O. C. T. recommendations were in effect, the exclusion of "other municipalities' properties" from such second-tier requisitions as recommended by O. C. T. was not taken into account. Since even after the transfer of the jails and courts almost 80 percent of the Metro levy on these properties would be paid by Metro to itself, however, the net effect on the Metro mill rate would be negligible. This omission may be deemed to have no significant effect on the Study findings.



Similarly, no allowance was made when calculating the required City mill rate for general purposes (under the assumption that all O. C. T. recommendations were in effect) for tax payments by the City on the relatively small amount of City property located in the Boroughs. Again the effect of this omission is negligible and may be deemed to have no significance for the Study findings.

#### Municipal Revenue Earning Enterprises

The O. C. T. recommendation 17:9 states that Municipal Revenue Earning Enterprises should pay full taxes including business taxes, and that they should charge for all services provided by them, including services supplied to parent municipalities.

Despite a lengthy discussion in the O. C. T. report on what may be included under the heading "municipal revenue earning enterprise", only a rather inconclusive definition emerged, exemplified by the fact that one of the O. C. T. recommendations is that the Department of Municipal Affairs should undertake to define them.

For study purposes it was therefore necessary that our own selection of the enterprises to be included in this



category be made in the hope that our choices would reflect the intent of the O. C. T. recommendations. The following were selected:

Hydro-Electric Supply  
Water Supply  
Public Transit  
Public Parking  
Harbour Management and Operation  
Canadian National Exhibition  
Ferry Facilities

Of these, the first three also come under the O. C. T. recommendation dealing with Transportation and Communication Enterprises (13:2) is discussed below, and these three along with the fourth comprise the municipal "utilities" which presently make tax equivalent payments.

The portion of the total realty assessment of these utilities on which tax equivalent payments for both general and school purposes are now made is estimated in Tables III and IV, Chapter 4. In interpreting these figures, it should be borne in mind that the table figures exclude business assessments on these properties on which additional tax payments are also made. The total 1967 tax equivalent payments received by the City from the four utilities amounted to \$4,252,499. It may also be noted





that even before the further exemption granted for the T.T.C. effective January 1, 1968) T.T.C. properties accounted for a large part of the "non-paying" portion of utility assessments given in the tables.

The remaining revenue earning enterprises other than the utilities comprise the C.N.E., the Harbour Commission and the ferry facilities, the properties of which are all located in the City. None of these make tax equivalent payments at the present time, and so their assessments are classed with the portion of the utilities' assessments for which tax payments are not received in the total "not paying" category which appears on the tables.

Turning now to the second part of the O. C. T. recommendation dealing with the municipal revenue earning enterprises, the question as to whether they are charging the parent municipality for any services provided was investigated in some detail but with regard to the City only. It was concluded that full charges are presently made for all such services, so that this aspect of the O. C. T. recommendation is already in effect.



### Transportation and Communication Enterprises

The O. C. T. recommendations propose that properties of these enterprises be assessed on the same basis as other real property (13:2) but that their roadways and rights-of-way over land be exempt from property and business occupancy taxes, with their other properties being subject to property and business occupancy taxes on a basis to be determined when the assessments have been completed (11:16).

Present assessments and taxation on these properties only approximate the recommended pattern in the case of oil and gas transmission pipelines, with a complex variety of widely differing provisions being in effect for the other types of transportation and communication enterprises. These are described at some length in the O. C. T. report, Vol.11, Chapter 13.

Because of the somewhat indefinite nature of the recommendation in 11:16, and the lack of a precise definition in the O. C. T. report of "structure" as the term would apply to rails, ties, switches, signals, towers, poles, wires, pipes, etc., it is, in the opinion of assessment and taxation specialists in this field, impossible to



estimate even roughly the net effect of the O. C. T. recommendations on these properties. There is some agreement, however, that their reassessment on the proposed basis would likely result in higher assessments than at present.

In the light of this, it was concluded that (a) the Study should allow for some increase in the realty assessment on such properties, and (b) bearing in mind the latter part of 11:16(c), such increase should not be too great.

An overall increase roughly on the order of 10 per cent was accordingly deemed appropriate for study purposes. But in applying this, a distinction was made between those transportation and communication enterprises which presently bear a taxable assessment on rights-of-way, and those which do not; for the elimination of such assessments on rights-of-way under the O. C. T. proposal would be an offsetting factor in the one case which would not be present in the other.

Thus a 5 per cent net increase was assumed for the former category, and a 15 per cent increase for the latter.



In the case of pipelines however, no increase was calculated because the present assessments on these were deemed close enough to the proposed practice that they would probably not be significantly changed under the O. C. T. recommendation.

It was on the above assumptions that the net realty assessment increases which are given in the assessment tables for both the private and the public transportation and communication enterprises were calculated.

### Conclusion

It must be emphasized that both the presently taxable assessment classified or re-classified into the proposed O. C. T. "commercial" or business category, and the presently exempt assessments so classified, are the real property assessments only, excluding any present business assessments.





Recommendations of The Ontario  
Committee on Taxation  
(Smith Committee)

- 12:9 All present exemptions from property taxation to institutions of higher learning be terminated following provincial review of the merits of each institution for continuing financial assistance; and provincial grant support to institutions of higher learning in lieu of the tax exemptions be confined to those institutions recognized for the purpose either by the Department of University Affairs or the Department of Education. (Vol. II, p. 157)
- 12:10 All present exemptions from property taxation to private schools be terminated following provincial review of the merits of each school for continuing financial assistance; and provincial grant support to private schools in lieu of tax exemptions be confined to schools providing approved education at the elementary or secondary levels. (Vol. II, p. 157)
- 12:11 Public hospitals be made subject to full realty taxes and, where applicable, local business taxes; and
- (a) public hospitals be authorized to include pertinent realty and business taxes as part of their costs under the Hospital Care Insurance Plan;
- (b) the Province undertake to pay in full the realty and business taxes chargeable to the Hospital Care Insurance Plan and negotiate with the federal government to share the cost; and
- (c) the Province give consideration to granting further support to each public hospital in respect of local taxes that would not be chargeable to the Hospital Care Insurance Plan, and from which it is now exempt, before the exemption is terminated. (Vol. II, p. 158)



- 12:13 Places of worship and land used in connection therewith, and religious seminaries not classed as institutions of higher learning or as private schools, be reassessed at actual value in the first year and 10 per cent in the second year, with increases of 5 percentage points each succeeding year until a level of 35 per cent, or such other maximum as a review of the tax position of places of worship made after five years may indicate to be appropriate, has been reached. (Vol. II, p. 161)
- 12:14 Present cemetery lands remain exempt while they comply with the terms of their existing exemption except when classified as adaptable to an alternative use, in which event they become taxable on a change of use or at the end of three years, whichever is earlier; and newly designated cemetery lands be taxable. (Vol. II, p. 163)
- 12:15 All present exemptions from property taxation to charitable organizations, social and community service groups and similar bodies be terminated following review by the appropriate governmental authorities of the merits of each organization for continuing financial assistance; and
- (a) legislation be enacted to permit each municipality to make annual grants to charitable organizations, institutions, associations and others engaged in works that, in the opinion of the council, are for the general advantage of the inhabitants of the area; and
- (b) the taxes on a formerly exempt property be limited, after deduction of any governmental grants in-lieu, to one third of the property and business taxes, or \$100, whichever is the greater, in the first year and to double that amount in the second year. (Vol. II, p. 165)

This group of recommendations deals with what may be

called the "Non-Government Exempt" properties, the assessed valuation for which are given in tables incorporated in the text



of this Study.

In general, the recommendations would eliminate the exempt or partially-exempt status of all these properties with the exception of cemeteries, and replace the exempt privilege of all but the places of worship and religious seminaries (and cemeteries) with conditional government grant support.

12:9 Institutions of higher learning

Although all institutions of higher learning are exempt from realty and business taxes, and the University of Toronto is also exempt from local improvement charges under a special act, such properties are nevertheless all assessed and appear on the assessment roll are exempt properties.

On the 1966 role as used for 1967 taxation, the exempt assessments for institutions of higher learning were as follows:

| <u>City</u>         | <u>Boroughs</u>     | <u>Metro</u>         |
|---------------------|---------------------|----------------------|
| <u>\$80,015,130</u> | <u>\$28,235,806</u> | <u>\$108,250,936</u> |

In addition to the University of Toronto these figures include the assessments of Victoria University, York University, and the colleges affiliated with U. of T., including Scarborough College, together with such other provincial institutions as the Ontario College of Education and Ryerson Polytechnical Institute, etc.







No grants in lieu of taxes for 1967 were made for any of these properties. However, it should be noted that the University of Toronto had an agreement with the City of Toronto for the payment of such grants with respect to certain properties acquired by the University but presently used for commercial or residential rather than educational purposes. This agreement expired in June of 1965, and is currently being renegotiated. Upon reaching a new agreement it is possible that the City will receive a retroactive payment for the 1967 taxation year. The last U. of T. grant-in-lieu of taxes the City received amounted to \$26,673 and was received in 1966, for the year 1965. A subsequent payment retroactive for the year 1967 could be somewhat larger due to changes in the class of properties the University may agree to pay on. No allowance has been made for such a 1967 grant in calculating the net gain which would accrue to the City if recommendation 12:9 were implemented because of the uncertainty of the situation.

It is clear that termination of the property tax exemption on institutions of higher learning would be of very significant benefit to the City, both directly because of the large amount of such exempt assessment in the City itself, and also indirectly through the further effect of such assessment in the Boroughs as well as the City on lowering the required Metro



levy on all those classes of property which are presently taxable.

#### 12:10 Private Schools

This category along with the universities raised the difficult question as to whether under the O.C.T. recommendations the various exempt properties would, upon becoming taxable, be classified as residential or commercial, a problem which is dealt with in the next heading in this Appendix.

The other question raised was what should be assumed with regard to the possibility that some of the private educational institutions might not qualify for Provincial grant support. It was concluded that the properties would remain taxable though they might change hands or possibly become vacant. It was concluded therefore, that this prospect need not be of concern for the purposes of this Study.

#### Allocation to residential or commercial

Under the O.C.T. recommendations, only two categories are proposed for property taxation, residential and commercial. Furthermore, the O.C.T. text, though it defines "occupancy for business purposes" for government and non-profit organizations (Vol. II, p. 100) appears to come close to ignoring any strict interpretation of this definition elsewhere. This is particularly noticeable in the recommendation on hospitals where the



reference to business taxes "where applicable" implies that generally they would not apply; yet hospitals under the O.H.S.C. insurance plan would seem to "recover a substantial proportion of their cost", and therefore fall within the O.C.T. definition of "business purposes".

It appears that the intention of the O.C.T. was to split each presently exempt category into a "business part" according to their definition and a "residential part" which would be all of the remainder.

In the light of this, and somewhat arbitrarily, but after considerable reflection, it was decided to allocate 2% of the assessed valuations of the institutions of higher learning, private schools, hospitals, and charitable organizations to the commercial category, and 98% to residential. The resulting split appears in the tables in the Study on exempt assessment to be added to the tax base.

#### Provision of Own Services

Although it initially appeared that some tax allowance for provision of some of their own services should be considered particularly for the universities and hospitals (following the O.C.T. intent as evidenced by the specific reference to this matter in the case of government properties), closer examination





made it seem unlikely that such provision, if it occurs at all, would be of any real significance in the case of non-governmental exempt properties in Metro. Accordingly, no allowance has been made for this.

12:11 Public Hospitals

Sunnybrook hospital posed a problem because it was transferred from federal government ownership to university ownership on October 1, 1966, and while this did not affect its exempt status, it raised the question of whether this property should be classed with the institutions of higher learning, or with the hospitals. It was decided to place it with the hospitals, which raised this category by \$7,760,000 of assessment being the present valuation placed on the Sunnybrook property.

12:13 Places of Worship

These were placed entirely in the O.C.T. residential category, and for study purposes were made taxable on 35% of their assessed valuation, this being the limit proposed by O.C.T. The recommendation, however, would have then raised to this level by annual increments of 5% until the 35% limit was reached, a process which would take seven years.

Religious seminaries were classed with the places of worship whereas educational seminaries were placed with the





institutions of higher learning.

#### 12:14 Cemeteries

The O.C.T. recommendation means that any cemetery established in future be taxable, but that present cemetery lands remain exempt except when classified as adaptable to an alternative use. The prospect of such a classification for any of the cemeteries in Metro was discussed with officials of the Metro Planning and Assessment Departments. As a result, it was concluded that considering the difficulties of obtaining the necessary consents for the removal of graves, none of the cemeteries would seem adaptable to an alternative use in the foreseeable future. Thus, this recommendation would appear unlikely to have any effect upon the City, and accordingly the cemetery line appears blank in the tables showing exempt assessment to become taxable as per O.C.T.

#### 12:15 Charitable Organizations

In the case of the charitable organizations grant support would come from the municipal rather than the provincial level of government; accordingly grants to charitable organizations have been calculated as totalling approximately 75% of the taxes they would pay under implementation of all the O.C.T. recommendations and are shown as an offsetting expenditure item in revising the tax-revenue requirements for



the municipality of Metropolitan Toronto's budget.

There is a small group comprising the partially-exempt properties which all fall into this category of charitable or community service organizations, but which have been dealt with somewhat differently from the others. The properties involved belong to the Royal Canadian Military Institute, the National Council of the Y.M.C.A. (but not other Y.M.C.A. properties which are fully exempt), the Ontario Humane Society (but not local humane societies) and veterans clubs with regard to the clubhouses only. The exemption is from the general and special rates only, so they pay school taxes (though the veterans' clubs receive a city grant covering the amount of their school taxes, so are effectively free of tax burden. The exemptions of the first three (Royal Canadian Military Institute, National Guard of the Y.M.C.A. and the Ontario Humane Society) were also recognized for Metro and so appear in a special category in the assessors' returns. As they are partly taxable and partly exempt, they were a problem in compiling the tables; they appear under the heading "Institutional - Exempt from City and Metro General and Special Rates" on the table showing taxable assessment 1966 for 1967 taxes and have a combined present assessment of \$276,131.



The veterans' clubhouses have an assessed valuation of \$942,984 - but it was not possible to determine what category this is buried in and could not, therefore, be extracted for the same special treatment.





Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

12:17 No further fixed assessments or fixed taxation agreements be authorized by either public or private legislation, and steps be taken to reconcile existing fixed assessments or taxes with the need for reassessment throughout Ontario at market value. (Vol. II, p. 169)

A review of the assessment analysis returns for the City and five Boroughs filed with the Department of Municipal Affairs of the Province of Ontario confirms that there are no fixed assessments in Metropolitan Toronto or the City of Toronto of the kind which the O. C. T. had in mind when making this recommendation.

Fixed assessments on golf courses do exist in Metro (though there are none in the City) but the O. C. T. "fully endorses" the continuation of this special type of fixed assessment (Vol. II, pp. 167-168).

A type of fixed assessment is also required under The Power Commission Act for H. E. P. C. generating station and transformer station buildings, but this comes under another O. C. T. recommendation (13:2) and will be dealt with in the Appendix relevant to it.



It may therefore be concluded that implement-  
ation of the above recommendation will not have any  
effect upon the finances at the City of Toronto.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

12:18 The proposed legislation respecting business assessment provide that all property used in common by business tenants and their customers be subject to business assessment against either the owner or the tenants. (Vol.II, p.170)

In the development of this recommendation, the O. C. T. Report notes that recent court decisions have had the effect of making shopping centre parking lots more assessable for business tax. The Report goes on to indicate that "the principle can be extended to the corridors, wash-rooms and other areas used in common by tenants of office buildings and other like properties".<sup>(1)</sup>

According to the Metropolitan Toronto Assessment Department such an extension of the principle has not taken effect in Metropolitan Toronto and the corridors and wash-rooms along with shopping centre malls, etc., are subject to business tax, commonly assessed against the owners.

In the light of this, the impact of the recommendation will bear entirely on the shopping centre parking lots.

Unfortunately separate realty assessment totals for these lots could not be obtained without a detailed examina-

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(1) Vol.II, p. 170, para. 168



tion of the assessment records for all the centres, a task beyond the time available for this study. We, therefore, had to resort to an estimate, prepared on the basis outlined below.

The land assessment of shopping centres in Metro for 1967 taxes obtained from the Metropolitan Toronto Assessment Department:

|          |             |               |
|----------|-------------|---------------|
| City     | \$ 525,000  | ( 1 centre)   |
| Boroughs | \$7,225,956 | (138 centres) |
| Metro    | \$7,750,956 | (139 centres) |

was as follows:

It was subsequently determined in discussion with officials of the Assessment Department that the valuation per square foot placed upon the portion of the land devoted to parking is roughly one quarter of that applied to the land occupied by the shopping centre buildings. (Improvements to the lots are not fully assessed at the present time but will be within the next few years.)

The approximate division of shopping centre sites between building area and parking area was then obtained from a comprehensive survey of shopping centres conducted by the Metropolitan Toronto Planning Board in 1966. From data on parking spaces and the floor area of stores given in the report of that survey, it was deduced that the proportion of





total site area devoted to parking (including access lanes) is approximately 60% in the City and 66% in the Boroughs.

From these figures the present share of land assessment applicable to the parking lot portion of shopping centre sites was calculated as follows:

$$\begin{array}{lcl} \text{City} & \frac{60}{60+40(4)} & = \frac{60}{220} = 27.27\% \\ \text{Boroughs} & \frac{66}{66+34(4)} & = \frac{66}{202} = 32.67\% \end{array}$$

and the estimated land assessment on the parking lots is therefore

$$\text{City} \quad 27.27\% \text{ of } \$ 525,000 = \$ 143,167$$

$$\text{Boroughs} \quad 32.67\% \text{ of } \$7,225,956 = \$2,360,720.$$

The business assessment that would be applicable under the present rate structure is not clear. Presumably it would be either 10% as for supervised car parks, 25% as for retail merchants or 30% as for retail department or chain stores. At these rates, the business assessment added, if the shopping centre parking lots were not exempt, would be:

|          | <u>@ 10%</u>   | <u>@ 25%</u>   | <u>@ 30%</u>   |
|----------|----------------|----------------|----------------|
| City     | \$ 14,317      | \$ 35,792      | \$ 42,950      |
| Boroughs | <u>236,072</u> | <u>590,180</u> | <u>708,216</u> |
| Metro    | \$250,389      | \$625,972      | \$751,166      |



At the 1967 commercial public school City mill rate of 99.42 these additional assessments would have produced the following tax yields:

|                | <u>@ 10% business<br/>assessment</u> | <u>@ 25% business<br/>assessment</u> | <u>@ 30% business<br/>assessment</u> |
|----------------|--------------------------------------|--------------------------------------|--------------------------------------|
| City tax yield | \$1,423                              | \$3,558                              | \$4,270                              |

which are not very significant additions to the City's revenues. However, there would have been an effect on the apportionment of the Metro levy. Had the additional assessments calculated above been added to the commercial property assessments in Metro, the City's share which was actually 56.09101% for the Metro general levy on properties subject to the commercial rate would have shifted to:

|  | <u>@ 10% Business<br/>assessment</u> | <u>@ 25% business<br/>assessment</u> | <u>@ 30% business<br/>assessment</u> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Altered City share   | 56.08540%                            | 56.07789%                            | 56.07419%                            |
| Reduction in City's<br>contribution to<br>Metro general levy | \$2,938                              | \$6,862                              | \$8,801                              |

The corresponding benefits to the City on the Metro educational levy (1.97 times the amount of the general levy in 1967) would have been approximately:

|  |         |          |          |
|--|---------|----------|----------|
|  | \$5,788 | \$13,518 | \$17,338 |
|--|---------|----------|----------|



Thus the total potential 1967 City Revenue benefit from this recommendation, if implemented above and in the context of the present business assessment rate structure, would have been:

| <u>@ 10% business<br/>assessment</u> | <u>@ 25% business<br/>assessment</u> | <u>@ 30% business<br/>assessment</u> |
|--------------------------------------|--------------------------------------|--------------------------------------|
| \$10,149                             | \$23,918                             | \$30,409                             |

Under O. C. T. recommendation 11:16, the combined realty and business assessments would total only 100% of the real property valuation, as is the case with the present realty assessment alone. But under 11:16 the business assessment would account for 50% of that total, so that a continued exemption for shopping centre parking lots, if 11:16 were implemented, would represent a relatively larger loss to the City (and Boroughs) than at present.

It is therefore concluded that implementation of recommendation 12:18 would clearly be to the City's benefit.





Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

12:19 The exemption from business assessment  
of subordinate lodges of registered  
friendly societies be revoked. (Vol.II, p.171)

Upon investigation it was determined that the friendly societies referred to are mostly associations established by various ethnic groups in the Province. The societies often operate savings, pension and investment funds for their members, who, in turn, may bring their periodic payments to a subordinate lodge of the society for deposit to their account.

Since the premises used as a subordinate lodge generally comprise but a part of a private dwelling, and because there are only some 75 of them in the whole Province, it is safe to assume that the total business assessment involved would be insignificant.

This was confirmed in discussion with officials of the Metropolitan Toronto Assessment Department; to their knowledge, there are no such exemptions from business assessment in Metropolitan Toronto.

It is concluded that this recommendation of the O.C.T.  
will have no impact on the finances of the City of Toronto.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

12:20 Municipalities be permitted to pass by-laws exempting from business assessment land set aside for free employee parking for a five-year period, and be permitted to renew such exemptions by-law for further periods of five years. (Vol.II, p.171)

Land set aside for free employee parking deemed "reasonably necessary" for the business concerned is now exempt from business tax under the Assessment Act. The effect of the above recommendation is therefore to give each municipality the option of continuing the exemption (presumably without the "reasonably necessary" qualification<sup>1</sup>) or of allowing it to be eliminated under recommendation 11:16.

The exemption in question applies to only a portion of the class of professional, commercial, manufacturing and industrial properties presently exempt from business assessment. The total realty assessment for 1967 taxes on this whole class of property amounted to \$97,845,721 in the City and \$83,896,233 in the Boroughs, for a Metropolitan Toronto total of \$181,741,954. (These figures are exclusive of the special classes of transportation and commun-

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<sup>1</sup>The qualification was added by amendment to the Act effective January 1, 1967, which probably accounts for the lack of reference to it in the recommendation.



ication enterprise properties which are also exempt from business assessments.)

Without checking all properties in this class it is impossible to determine what proportion of the above totals is attributable to free employee parking lots. As such an inventory is clearly beyond the time available for this study, and since the Metropolitan Toronto Assessment Department does not have data available on which to base even a rough estimate, the precise impact of recommendation 12:20 cannot be determined. It seems unlikely, however, that the parking lots in question would account for a very significant portion of the total exemptions for the class.

Two aspects of the situation deserve further consideration, though. The first is the fact that under 11:16 the proposed realty and business assessments combined would only total 100% of the real property valuation, the same basis on which properties exempt from business assessment are now taxed. The second is the question as to whether the City would be at all likely to pass the required exempting by-law, in the light of the relative relief afforded to all professional, commercial, manufacturing and industrial properties under other O. C. T. recommendations.





It should also be noted that the optional exemption, if granted, would constitute 50% of the real property valuation, whereas the present rate of business assessment on a "supervised car park where a charge for such supervision is made" is but an additional 10% of the realty assessment. On the other hand, the rate of business assessment on the remaining property of the business concerned would be higher, depending on the type of business in each case. The point is that it is not clear from which alternative rate the present exemption would grant relief. It might, however, be assumed that under the existing structure of business assessment rates the only reasonable alternative to the present exemption would be a rate not exceeding that applied to commercial car parks.

In the circumstances indicated it is unlikely that an exemption by-law would be adopted for the reason that the amount of business assessment involved would probably not prove to be very significant compared to the other properties presently in this class for which the option of a future exemption has not been proposed by the O. C. T.

If, however, the future exemptions were granted it could be construed as being relatively five times more beneficial to the business concerned and therefore more costly to the City than the present one.





A possible indirect effect on the City via the apportionment of the Metropolitan levy arises because of the optional nature of the exemption and the likelihood that only some of the area municipalities would adopt it, it seems unlikely that Metro could or should recognize such exemptions in apportioning its levy. (Metro now ignores the partial graded exemption in the City on the same reasoning.) Only if the City and all five Boroughs were to adopt the exemption, would it seem probable that Metro might recognize it. In either event there would be no effect on the City's portion of the Metro levy.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

- 17:1 The Department of Municipal Affairs review the legislation enabling municipalities to license or issue permits for a fee with the object of ensuring that the purpose of the licensing is regulatory rather than the raising of revenue. (Vol. II, p. 332)
- 17:2 The provisions relating to licence and permit fees in The Municipal Act and other acts be amended to provide that the amount of the fee must not exceed the estimated amount required for full cost recovery by more than approximately 20 per cent or drop below the amount required to produce approximately 80 per cent of full cost recovery. (Vol. II, pp. 333-334)
- 17:3 Differences in the fees charged residents and non-residents for business licences be no more than is warranted by actual differences in the costs of regulation and supervision. (Vol. II, p. 334)
- 17:4 Municipal licensing that is designed to limit the number of participants in particular businesses be prohibited except where the provincial government considers it to be justifiable, in which event  
     (a) it be brought under close provincial supervision, and  
     (b) the fees be set at levels that will return a significant portion of any monopolistic profits to the local public treasury. (Vol. II, p. 335)

City of Toronto - 1967 Estimates

Estimated revenues and expenditures of certain permits and licences, as detailed in the O. C. T. Report Tables



at the end of Chapter 17, were directly available from the 1967 City estimates, as follows:

| <u>Description</u>                             | <u>1967 Estimates</u>           |  |
|--|---------------------------------|--|
|  | <u>Revenue</u><br>(Pages 92-93) | <u>Expenditure</u> <sup>(3)</sup><br>(Page 36) |
| Dog Licence Fees                               | \$68,711                        | \$68,711 (1)                                   |
| Dry Cleaning Licences                          | 16,500                          | 44,910   |
| Inspection Fees --<br>CNE Rides and Structures | 4,500                           | (2)  |
| Sign Inspection Fees                           | 80,000                          | 28,838   |
| Public Bath Fees                               | 7,904                           | (2)  |

In addition to the preceding, there are certain other licences and fees detailed in the 1967 City Estimates, as follows:

| <u>Description</u>          | <u>1967 Estimates</u>           |  |
|-----------------------------|---------------------------------|--|
|                             | <u>Revenue</u><br>(Pages 91-93) | <u>Expenditure</u> <sup>(3)</sup><br>(Pages 35-37) |
| Canopy Encroachments        | \$ 9,500                        | (5)  |
| Fire Escape Inspection Fees | 2,700                           | (5)  |
| Heating Permit Fees         | 75,000                          | \$136,830 (4)                                      |
| Plan Examining Fees         | 400,000                         | (5)  |
| Plumbing and Drainage Fees  | 125,000                         | 136,003  |
| Marriage Licences           | 36,000                          | (2)  |

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Notes:

- (1) This amount is a grant to the Toronto Humane Society re: dog catching and operation of pound (page 75 of 1967 City Estimates).
- (2) No expenditures specifically related to these revenue items could be located in the estimates.
- (3) These are generally shown as "By-Law Enforcements".





Notes: (Continued)

(4) This is a combination of the two following totals:

|  |                  |
|--|------------------|
| Heating By-law Enforcement - Engineering | \$ 23,496        |
| " " " - Inspection                       | <u>113,334</u>   |
|  | <u>\$136,830</u> |

(5) In order to make a comparison with related expenditures, these revenues are better considered as a group. The related expenditures (shown on pages 35, 36 and 37) are:

|   |                  |
|---|------------------|
| Administration - Building Regulation Division | \$ 30,058        |
| Permit Control                                | 85,837           |
| Building By-law Enforcement - Examination     | 211,558          |
| Building By-law Enforcement - Inspection      | 343,542          |
| Zoning By-law Enforcement - Examination       | 110,348          |
| Termite Control                               | 8,348            |
| Building By-law Revision                      | 19,129           |
| Construction Safety                           | <u>104,837</u>   |
|   | <u>\$913,657</u> |

Assuming that the cost of issuance and inspection at least equals the licence or permit fee revenue derived for the categories designated by Note (2) above, the City appears to derive revenue greatly in excess of cost only in the case of "Sign Inspections". In order to calculate the direct effect of the O. C. T. recommendations on the City's 1967 estimates, the following assumptions are made:

- (a) The cases in which the latter two recommendations would apply are not present (i.e. no difference between fees charged and issuance plus regulatory costs incurred by residents as opposed to non-residents; no design to limit the participants in par-



ticular businesses).

- (b) Where the fee recovery is within 20 per cent of the relevant cost, no changes are made in the figures.
- (c) Where the related issuance and inspection costs are not known, no changes are made in the figures.
- (d) The estimated expenditures of \$913,657 mentioned previously are solely issuance and regulation costs related to building and similar type permits.
- (e) Where changes are made in the figures, the permit revenues are changed to equal the costs.
- (f) The licence and permit fees levied are for regulatory purposes only, and
- (g) Items covered under point (5) above are grouped.

The following table is the calculation of the effect on City revenues in the 1967 estimates from the implementation of O. C. T. recommendation 17:2:



| <u>Description</u>                             | <u>Cost</u> | <u>Revenue</u> | <u>Increase or<br/>(Decrease) in<br/>Estimated City<br/>Revenues for 1967</u> |
|--|-------------|----------------|---|
| Dog Licence Fees                               | \$ 68,711   | \$ 68,711      | \$ No change  |
| Dry Cleaning Licences                          | 44,910      | 16,500         | 28,410  |
| Inspection Fees --<br>CNE Rides and Structures | Not known   | 4,500          | No change   |
| Sign Inspection Fees                           | 28,838      | 80,000         | (51,162)  |
| Public Bath Fees                               | Not known   | 7,904          | No change   |
| Building Permits                               | 913,657     | 412,200        | 501,457   |
| Heating Permit Fees                            | 136,830     | 75,000         | 61,830  |
| Plumbing and Drainage Fees                     | 136,003     | 125,000        | No change<br>(within 20%)   |
| Marriage Licences                              | Not known   | 36,000         | No change   |
| <u>Net reduction in levy on City taxpayers</u> |             |                | <u>\$ 540,535</u>   |

The preceding considers that fees could recover the cost with no effect on the demand for new building permits, etc.

With the exception of marriage licences, the permits and fees collected directly by the City relate to real (immovable) property and in these cases the question of residency does not arise. The rate for marriage licences is the same for residents and non-residents. Therefore, O. C. T. recommendation 17:3 does not apply to these City figures.



The nature of the licences and permits issued by the City does not appear "to limit the number of participants in particular businesses" and therefore O. C. T. recommendation 17:4 likewise does not apply.

Municipality of Metropolitan Toronto

A review of the Metro Licensing Commission figures and other information leaves the following impressions:

- (a) The determination of costs for each class of licence is impossible at this time since regulatory costs are incurred not only by the Licensing Commission, but also by:
  - (i) Other Metro Commissions or Departments, such as the Metropolitan Police Commission;
  - (ii) Departments in Metro's constituent municipalities, such as the Department of Buildings and the Department of Public Health; and
  - (iii) Provincial Departments, such as the Department of Transport.

In addition to the above, no "cost accounting by type of licence" is carried out by the Metro Licensing Commission for its own incurred costs.





- (b) Although class-of-licence cost information is not available, it appears that rates for certain licences cannot bear a reasonable relationship to the regulatory costs that must necessarily be incurred. The \$1.00 per licence rate for bake shops and meat vendors illustrates this point. In this regard, a comparison of the revenue derived from such "food" type licences in the Metropolitan Licensing Commission's City Hall Area Office and the expenditures of the "Food Control and Sanitation Division" of the City Department of Public Health is informative. Since 1967 Metro estimates by type of licence are not available, both sets of figures are 1966 actual.

Revenue (from the Metropolitan Licensing Commission's "Analysis of Licences Issued - City Hall Area Office")

|                          |                 |
|--------------------------|-----------------|
| Bake Shops               | \$ 2,588        |
| Foodstuff                | 4,375           |
| Meat Vendor - Fresh Meat | 1,311           |
| - Fresh Fish             | 63              |
| Milk Vendor (Shops)      | 11,695          |
| Refreshments             | 10,200          |
| Victualling Houses       | <u>17,810</u>   |
| TOTAL                    | <u>\$48,042</u> |

Expenditures of Food Control and Sanitation Division (page 54 in the City of Toronto 1967 estimates) \$475,937



The effect of the \$500 health grant received in 1966 is ignored. Naturally, all the expenditures of \$475,937 do not relate to the above licensed establishments. On the other hand, to offset this there are issuing and probably other regulatory costs associated with the \$48,042 in licence fees. The above figures indicate that the rates for "food" type licences do not relate to a "cost recovery" basis.

As a contrast, the cigarette licence revenue for 1966 from the City Hall Area Office was \$108,190. This is based on a \$25.00 licence fee. It seems reasonable to assume that the costs of enforcing regulations with a butcher (licence rate \$1.00) would be higher than enforcing regulations with a cigarette vendor (licence rate \$25.00).

(c) Because of the absence of class of licence cost data, it is impossible to estimate with any precision the effect on Metro revenues of implementing the O. C. T. recommendation relating to Municipal Licence and Permit fees. Listed below, however, are what the effect might be based on:

1. A review of the figures;
2. conversations with officials of the Metropolitan Licensing Commission;
3. examination of licence rates in effect; and
4. reading of the December 4, 1967 memorandum from Magistrate D. F. Graham (Chairman of the Licensing Commission) to the Metropolitan Executive Committee.



i) O. C. T. 17:1 Provincial review of  
licensing by-laws

It appears to be in the public interest to regulate and inspect the types of businesses denoted under the Commission By-law No. 68. However, certain rates may be considered excessive by the Department of Municipal Affairs. For example, cigarette licences accounted for \$172,135 of the 1967 total revenue of \$1,071,567.

ii) O. C. T. 17:2 Rates based on cost recovery,  
plus or minus 20 per cent

As indicated in point (b) above, a conversion to a cost recovery rate basis would probably generate more fee revenue than is now the case. Exhibit A, prepared for illustrative purposes only, is established on the basis of a flat \$10 permit fee for all "food" type and tobacco licences to show the potential effect on Metro revenues. There would be a significant overall increase in such permit revenue if rates were converted to a "cost recovery" basis.

iii) O. C. T. 17:3 Elimination of differences between  
fees charged residents and non-residents, unless  
justified by cost differentials

According to Magistrate Graham's memo there are no such differences. He says a possible excep-





tion might be made for "transient traders" but, since there were no revenues under this category in 1966 and 1967, the implementation of this recommendation would appear to have no effect on Metro revenues.

- iv) O. C. T. 17:44 considers licensing designed to limit the number of participants in particular businesses.

According to Magistrate Graham's memo, this situation exists with taxicab licensing. However, since the Commission controls the taxi rates, he does not feel any significant "monopolistic profits" are involved (although the capital gain on sale of licences indicates some such profit). (In order to recover such a profit, Metro would raise the license rate. Thus, the implementation of this recommendation would appear to increase Metro revenues.)



EXHIBIT A

Difference in Revenues if a \$10 rate on licences had been in effect in 1967 for "food" and tobacco instead of actual licence rates.<sup>1</sup>

| <u>Category</u>          | <u>Number of<br/>Licences</u> | <u>At \$10 Rate</u> | <u>Actual Rate</u> | <u>Difference</u> |
|--------------------------|-------------------------------|---------------------|--------------------|-------------------|
| Bake Shops               | 3,881                         | \$ 38,810           | \$ 3,896           | \$ 34,914         |
| Cigarettes               | 6,862                         | 68,620              | 172,135            | (103,515)         |
| Foodstuff                | 7,085                         | 70,850              | 7,133              | 63,717            |
| Meat Vendor - Fresh Meat | 1,836                         | 18,360              | 1,850              | 16,510            |
| - Fresh Fish             | 112                           | 1,120               | 113                | 1,007             |
| Milk Vendor (Shops)      | 3,611                         | 36,110              | 17,245             | 18,865            |
| Refreshments             | <u>1,519</u>                  | <u>15,190</u>       | <u>16,360</u>      | <u>(1,170)</u>    |
|                          | 24,906                        | \$249,060           | \$218,732          | \$ 30,328         |

<sup>1</sup>. Excludes licences issued at Head Office.

From this review of City and Metro licence and permit fees in the light of the O. C. T. recommendations it is evident that both jurisdictions would have much to gain from the determination of the actual costs of licence and permit administration. The development and maintenance of adequate cost data with respect to each type of permit and licence would yield two significant advantages. These are:

- (a) the provision of a realistic and understandable basis for the determination of licence and permit fees; and
- (b) the provision of a basis for the regular revision of fees and the establishment of fees for any new type of licence or permit.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

- 20:1 So long as school grants are on a calendar basis, the existing practice of calculating them on the previous calendar year's pupil load be replaced by a system of calculations that reflects school enrolment in the period beginning the first school day of September of the calendar year preceding that in which the grants are paid. (Vol.II, p. 393)
- 20:2 In the event that school finances are based on a fiscal year that coincides with that of the Province, the final school grant instalment be based on calculations of pupil load that reflect enrolment in September of the fiscal year in which the grants are paid. (Vol.II, p. 394)
- 20:3 Provincial treatment of the recognized extraordinary expenditure of school boards be amended so that the grant contribution to capital expenditure is applied at the time the expenditure is incurred. (Vol.II, p.395)

The point on enrolment (20:1) and the point on capital expenditures (20:3) will only have a significant effect in the year of change, since it is only a change in timing. There would be a minor permanent benefit in respect of vocational schools because the drop out factor during the year would, under 20:1, not depress the enrolment figure for grant purposes. The wording of 20:1 is unclear as to whether a 10 month period commencing the first school day of September or the enrolment as of the first school day of September should be used. The intent of





O.C.T. is presumed to refer to the latter.

Recommendation 20:2 is intimately related to recommendation 14:1 to change the fiscal year of municipalities, school boards and other local boards to March 31. O. C. T. feels the implementation of this recommendation is so highly conditional on similar action being taken in other parts of Canada (" . . . the change we advocate for Ontario would not be desirable statistically unless it were adopted elsewhere. . .")<sup>1</sup> that, it should not be considered as a practical possibility within the context of this study.

Several questions of interpretation as well as problems of obtaining relevant data arise from recommendation 20:3.

(1) Are "capital expenditures" to be interpreted as being confined to capital expenditures out of revenue plus the debenturable portion of capital costs or to cover all recognized extraordinary expenditures? In the paragraph following the recommendation, O. C. T. gives reasons for considering other "recognized extraordinary expenditures" (i.e. transportation, board and lodging, and tuition fees paid to other boards) as being closely related to additions to physical plant. If this were not the

(1) Vol. II, p. 268, paragraph 21.





case, and recommendation 20:3 was implemented on the basis of current payment for physical plant addition only, the Province would be in the unusual position of paying their portion of this narrowly defined "capital expenditures" in the current year plus their portion of the previous year's transportation costs, etc. in one Recognized Extraordinary Expenditures Grant. It would therefore seem logical to consider all recognized extraordinary expenditures for grant purposes to apply to a uniform (current) period.

(2) A closely related problem of interpretation is "on what figures would this grant be based"? The only practical way to calculate the effect of this recommendation on 1967 taxes is to presume the Province would provide the grant based on current recognized extraordinary expenditure estimates and make an adjustment the following year based on audited actual figures.

(3) A third question arises as to how the non-grantable portion of capital expenditures is to be financed if the Ontario Education Capital Aid Corporation is no longer permitted to purchase local school board debentures. The implication in Chapter 22 is that such financing should



be done in the marketplace, probably via the municipality. The Metropolitan Toronto School Board expressed concern over the disappearance of this borrowing source in their submission on the O. C. T. Report to the provincial government.

The main problem in obtaining data for the construction of the dollar impact of the implementation of this recommendation appears to be in translating the 1967 capital estimates of the school boards into the portion that would be allowable for provincial government grant purposes.

It should be emphasized that the effect of this recommendation, as with recommendation 20:1, is that it will have its main impact in the year the changeover to the current period is made.



Recommendations of The Ontario  
Committee on Taxation  
(Smith Committee)

- 20:4    In each municipality, the assessment of corporations that cannot under The Assessment Act direct their taxes for school support be segregated into a distinct allotment taxable by public and separate school boards in exact proportion to the relative pupil enrollment of the Boards. (Vol. II, p. 398)
- 20:5    The elementary school mill rate levied in any given year against the corporation assessment allotment be the lower of the public or separate school mill rate applicable where the property is situated. (Vol. II, p. 399)

The aspects of those recommendations concerning the enrollment split and the use of the lower mill rate have been dealt with in Ch. IV of the main text of this Study with respect to non-government exempt properties. What remains to be considered here is the determination of the amount of corporate assessment affected by Recommendations 20:4 and 20:5.

Unfortunately, the Metro Assessment Department was unable to provide totals of the assessment of corporation that cannot direct their school taxes and recourse was therefore necessary to an estimate.

This was prepared by assuming first that it was not necessary to be concerned with corporate-owned residential property (most of it found in apartment buildings) because the tenants of such property presently direct the school taxes





thereon for all but the vacant dwellings. This would represent a negligible portion under the low vacancy rates of recent years. Secondly, it was assumed that for the corporate-owned commercial and industrial properties, those corporations which can direct their school taxes probably do so in approximately the same ratio between public and separate school boards as do the owners and tenants of non-corporate commercial and industrial properties.

Since the division of school support for commercial and industrial properties is known, and since the separate school supporting portion of all corporate owned commercial and industrial property is also known, the total amount of corporate commercial assessment that can direct its school support can be simply calculated in dollars by dividing the known separate school supporting portion thereof in dollars, by the separate school supporting percentage of non-corporate commercial assessment, as follows:

|                  | Non-Corporate<br>Commercial<br>Separate support | Corporate<br>Commercial<br>Separate<br>Support | Estimate of Corp.<br>Commercial that<br>Can Direct its<br>School Support |
|------------------|---|--|--|
| City of Toronto  | 9.13%   | \$17,126,015                                   | \$187,559,029  |
| 5 Metro Boroughs | 9.94%   | \$19,381,639                                   | \$194,966,694  |



By deduction from the corporate commercial and industrial totals, estimates were then derived of the amounts of corporate commercial assessment which cannot under the Assessment Act direct school support:

|  | <u>City</u><br>\$    | <u>Boroughs</u><br>\$ |
|--|----------------------|-----------------------|
| Total corporate commercial-industrial assessment (Incl, business assessment) | 957,978,975          | 791,256,757           |
| Less amount that can Direct School Support                                   | - <u>187,559,029</u> | - <u>194,966,694</u>  |
| = Amount that cannot Direct School Support                                   | <u>770,419,946</u>   | <u>596,290,063</u>    |

Using these estimates the assessment shift from public to separate school support was then calculated by applying the enrolment splits. The amounts so shifted in the City and the Five Metro Boroughs are shown in Tables V and VI., Chapter IV.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

20:6 The grants on behalf of municipal inspectors' salaries, evening courses, industrial arts and home economics instruction to non-resident pupils, library books, textbooks, small secondary schools, and televised instruction be abolished in their present form and incorporated into the basic structure of the Ontario Foundation Tax Plan. (Vol.II, p. 401)

The intention of the O. C. T. respecting this recommendation appears to be not to change present school board revenues from these grants but to somehow incorporate them into the Ontario Foundation Tax Plan. Therefore, there is no financial impact from implementing this recommendation. However, it is not clear how the incentive aspect of these grants (e.g. to build up libraries) is to be retained without changing the basic framework of the Ontario Foundation Tax Plan. Possibly the intention was to treat these as separate items of Recognized Extraordinary Expenditures.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

20:7 The existing grant for English, French and citizenship courses for new Canadians be abolished and that the Province relieve school boards of all costs arising from such courses. (Vol. II, p. 402)

Data obtained from the computer print out schedules provided by the provincial grants office reveal that the grants provided to secondary schools for evening courses in 1967 were as set out in Schedule I below.

Schedule I: Grants to Secondary Schools for Evening  
Language and Citizenship Courses (1)

| <u>Board of Education</u> | <u>Approved<br/>Salaries</u> | <u>Grant<br/>(90% of Approved<br/>Salaries)</u> |
|---------------------------|------------------------------|---|
| Weston                    | \$ 1,128                     | \$ 1,015  |
| North York                | 17,172                       | 15,455  |
| York Township             | 11,730                       | 10,557  |
| Scarborough               | 6,792                        | 6,113   |
| Lakeshore                 | <u>2,688</u>                 | <u>2,419</u>                                    |
| Subtotal                  | 39,510                       | 35,559  |
| City of Toronto           | <u>157,938</u>               | <u>142,144</u>                                  |
| Total                     | \$ <u>197,448</u>            | <u>\$ 177,703</u>                               |

(1) Provided as part of the secondary schools' grants.





In addition to these grants for secondary schools grants to elementary schools are also provided for "Special Subjects and Services". These grants are provided to cover a portion of the "approved cost" involved in the employment of certain qualified full-time teachers for programmes or services as listed under part 31 of the 1967 provincial regulations re "Special Subjects and Services". One of the subjects in this approved list is a language programme for pupils who have any linguistic background that makes them unable to take proper advantage of the school programme. Toronto educational authorities consider this programme as part of English, French and citizenship courses. However, neither the amount of the grant nor the costs relating to the programme are readily available. The only data available are for the whole range of "Special Subjects and Services" of which the language programme forms a part. Grants provided in 1967 to elementary schools under the heading of "Special Subjects and Services" are set out in Schedule 2 on the following page.



Schedule 2: Grants for Special Subjects  
and Services in Elementary  
Schools in 1967.

| <u>School Boards</u> | <u>Special Subjects and Services</u> |                |
|----------------------|--------------------------------------|----------------|
|                      | <u>Value for Grant</u>               | <u>Grant</u>   |
|                      | \$                                   | \$             |
| Weston               | 4,680                                | 1,638          |
| Forest Hill          | 9,775                                | 3,421          |
| York East            | 70,980                               | 24,843         |
| North York           | 286,663                              | 117,532        |
| York Township        | 116,960                              | 47,369         |
| Lakeshore            | 28,440                               | 9,954          |
| Scarborough          | 287,768                              | 162,877        |
| Leaside              | 16,970                               | 5,940          |
| Etobicoke            | <u>216,346</u>                       | <u>75,721</u>  |
| Subtotal             | 1,038,582                            | 449,295        |
| City of Toronto      | <u>1,128,450</u>                     | <u>394,958</u> |
|                      | <u>2,167,032</u>                     | <u>844,253</u> |

A significant comment is provided in the O.C.T. Report (Vol. II, p. 401) wherein it is stated that "the existing grant does shoulder the major part of the burden of providing special instructions to new Canadians..." There is some doubt that the present grant even approaches this objective. For example, the grant rate in 1967 was based on 90% of \$6.00 per



teaching hour. City Board of Education officials estimate that the Board's cost is \$11.00 per teaching hour. If this is the case the present grants provide only approximately one-half the teaching costs. However, in the view of the O.C.T. (Vol.II, p. 401) "...no part of the cost of providing such instruction<sup>(1)</sup> should accrue to local school boards."

From the foregoing it can be concluded that the grants set out in Schedule I totalling \$177,703<sup>(2)</sup> represent only one-half of the cost of English, French and citizenship courses and that provincial assumption of the total cost, as recommended by the O.C.T., would result in a reduction in Metro school costs at least equal to this amount.

The foregoing conclusion applies to secondary school costs only. As language courses form part of the grants indicated in Schedule 2 for elementary schools the assumption of the net cost of language instruction would reduce Metro school costs even further by an undetermined amount.

Any reduction in total Metro school costs would, of course, benefit the City.

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(1) French, English and citizenship.

(2) \$142,144 of this is for the City's Board of Education.





Recommendation of The Ontario  
Committee on Taxation  
 (Smith Committee)

20:8 The grants for free milk, trustees'  
council fees, and entering larger  
units of administration be terminated.  
 (Vol.II, p.402)

| <u>Source</u>                                       | <u>Larger</u><br><u>Units</u> | <u>Free</u><br><u>Milk</u> | <u>Trustees'</u><br><u>Council</u><br><u>Fees</u> |
|---|-------------------------------|----------------------------|---|
| Provincial Public Elementary Schools grants office  | \$ -                          | \$72,212                   | \$2,482   |
| Provincial Secondary (including Vocational) Schools | -                             | n/a                        | 3,061   |
| Provincial Separate Elementary Schools              | -                             | -                          | <u>1,033</u>                                      |

From the foregoing it can be concluded that the  
abolition of these grants as recommended by the O. C. T.  
would have resulted in a revenue loss to the Metropolitan  
School Board of \$77,755 and a revenue loss to the Separate  
School Board of \$1,033 in 1967.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

20:10 The requisitioning powers of public school boards, separate school boards and boards of education be terminated, and that these boards levy their own taxes to be collected through bills issued for the purpose by municipalities and payable at times distinct from those at which municipal tax bills are payable.  
(Vol.II, p. 406)

The immediate effect of the implementation of this recommendation will probably be an increase in the clerical (including data processing) costs of issuance and collection, since it at least doubles the number of tax bills. However, this will likely be offset by the two potential advantages outlined below:

- (a) Of the \$196,000,000 levied in 1967 against City taxpayers, some \$96,000,000 or forty-nine per cent (49%) was applicable to education. The fact that such a high proportion of property taxes is necessary for the financing of a single function over which the City has little control is a compelling argument for distinct and separate tax billings by the school boards.



(b) As long as detailed school board budgets are not readily available to the ratepayers and the tax bills are still issued and collected by the municipality, it is unlikely that any reasonable degree of "responsibility accounting" by the trustees to the ratepayers can be attained. Until detailed school board estimates supporting the mill rate are transmitted along with the tax bill to everyone who bears the tax, it is unlikely that the average taxpayer will ever know what he is paying for in education. The issuance of separate tax bills is, therefore, a healthy step in the direction of bridging the present accountability gap between school trustees and ratepayers.

It is concluded that the effect of this recommendation is to make more clear and precise the accountability of school board trustees to ratepayers for the levying of property taxes for education. When educational requirements are included with general municipal taxes, as is presently the case, the taxpayer is more inclined to hold the municipal council responsible for the tax rate rather than the school trustees. In essence, this O. C. T. recommendation has the



effect of equating more closely public spending responsibility  
with the responsibility for levying taxes in the field of  
education. The only real cost involved is a slight increase  
in clerical expenditures.





## Appendix XIX

Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

- 21:1 The Department of Highways prepare a scheme for classifying all roads in accordance with the user and local access benefits that flow from them, and assign each Ontario road and street to its appropriate class within five years of the publication of this Report. (Vol.II, p. 417)
- 21:2 Upon the completion of the road classification scheme, provincial road grants be based on total expenditure for each class of road within a municipality, the percentage of provincial aid to coincide with the percentage of user benefits assigned to each class of road. (Vol. II, p.417)

The O. C. T., in chapter 21, paragraph 19, p. 415 said "... we advance the view, based on a broad application of benefit-cost analysis, that motor vehicle revenues in Ontario should finance between 65 and 75 percent of total annual expenditures on the over-all road network, provincial and local. The bulk of the remainder should be charged to property, whose access benefits can be financed through local levies."

The foregoing suggestion with regard to the future financing of roads will be of considerable municipal significance if acted upon. In addition, and of equal importance, is the O. C. T. recommendation to make the class of road the basis of provincial aid rather than municipal status as is presently



the case with respect to road grants in Ontario. Because  
the whole proposal depends upon a road classification scheme  
still to be developed it was impossible to develop any quantit-  
ative measure of its effect on the City of Toronto. It was  
not, therefore, taken into account in the revision of revenue  
requirements set out in this Study.



Recommendation of The Ontario  
Committee on Taxation  
 (Smith Committee)

21:9 Provincial grants in support of child welfare services be raised to a rate of 80%. (Vol. II, p. 426)

Child welfare services are administered by the Municipality of Metropolitan Toronto and data drawn from the 1967 Metro estimates have been used in order to determine the effect of implementing this recommendation. Net expenditures classified as "Child Welfare" appear in the 1967 Metro Estimates as follows:

|  | Estimated<br>Expenditures<br><u>Page 24</u> | Recoveries<br><u>Page 48</u> | <u>Net</u>         |
|--|---|------------------------------|--------------------|
| Salaries   | \$ 22,126                                   | \$ -                         | \$ 22,126          |
| General  | 11,947                                      | -                            | 11,947             |
| Boys' and Girls'<br>Training Schools             | <u>139,000</u>                              | <u>(16,000)</u>              | <u>123,000</u>     |
| GROUP A  | <u>\$173,073</u>                            | <u>\$(16,000)</u>            | <u>\$157,073</u>   |
| Statutory Payments to:                           |   |                              |                    |
| Children's Aid Societies of Metropolitan Toronto | \$3,377,871                                 | \$(26,000)                   | \$3,351,871        |
| Other Children's Aid Societies                   | 40,000                                      | (80,000)                     | (40,000)           |
| Collection Services C.A.S.                       |   | <u>(36,000)</u>              | <u>(36,000)</u>    |
| GROUP B  | <u>\$3,417,871</u>                          | <u>\$(142,000)</u>           | <u>\$3,275,871</u> |





Group A expenditures do not presently qualify for any grant and therefore they are excluded from the calculation. In fact, the \$123,000 net cost for training schools is a 90¢ per day per child charge to Metro by the Department of Reform Institutions of the Province of Ontario. It appears that the Province regards these training schools as relating to "administration of justice", the costs of which would now be completely absorbed by the Province under recommendations Nos. 9:1 and 21:20 of the O. C. T. Report.

Group B expenditures are related to the municipal financing and involvement with Children's Aid Societies. The expenditures on collection services of \$36,000 have been interpreted as being a cost recovery and therefore not pertinent to an estimate of the effect of the recommendations. The \$40,000 and \$80,000 are inter-municipal charges which in total should equal zero for the whole Province. Because these relate to wards under the old Child Welfare Act, who are fast approaching maturity (and thus the amount should continue to diminish), it is uncertain as to how the Province would collect 80% of the excess receipts over disbursements (if it gave an 80% grant for the opposite situation). Because of the small net amounts involved it was therefore decided to ignore these for estimate purposes. The \$26,000 is appropriately offset



against the \$3,377,871 because it is a proportionate (according to relative provincial/municipal grants) cost recovery by the Children's Aid Society from putative fathers. As a consequence of the foregoing review, it was concluded that any monetary changes due to the adoption of O. C. T. recommendation 21:9 will relate solely to the net statutory payments of \$3,351,871 to the two Children's Aid Societies.

Calculation of Reduction in Statutory Payments  
to the two Children's Aid Societies

The 1967 Metro estimates of statutory payments were based on 60% of the (C. A. S.) budgeted costs for the first three months of 1967 and 40% of the same for the remainder of the year (when the Province took up responsibility for 60% of these costs). Therefore, the "net" C. A. S. expenditure before grants can be calculated through using the following equation:

$$(60\% \text{ of } 25\%) \times + (40\% \text{ of } 75\%)x = \$3,351,871$$

$$.45x = 3,351,871$$

$$x = 7,448,600$$

If the Province pays 80% of this, the remaining cost to Metro would be 20% of \$7,448,600 which is \$1,489,720.

This would represent a reduction of \$1,862,151 (\$3,351,871 less \$1,489,720) in the 1967 Metro estimates and levy on its



Constituent municipalities

An assumption made in the above calculation is that the budgeted expenditures for the Children's Aid Societies for the first quarter of 1967 is equal to one quarter of their budgeted expenditures for all 1967.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

21:10 The level of provincial grants for the maintenance of inmates of municipal and approved private homes for the aged, and toward the maintenance of elderly persons in satisfactory alternative accommodation under municipal auspices, be increased to 80 per cent. (Vol.II, p. 427)

"Homes for the Aged" form a part of the Metro Housing Department's 1967 estimates. O. C. T. does not suggest any change in grants toward capital expenditures on homes for the aged and therefore debenture interest and principal retirements relating to the construction of these homes need not be considered. The 1967 Metro estimate of \$8,193,552 for homes for the aged relates to operating costs (see pages 12, 13 and 14 of the 1967 Metro Estimates) with some minor expenditures for new capital items. From this figure must be deducted the revenues obtained from the operation of these homes, which is \$3,152,800 (derived from page 48 of the 1967 Metro Estimates). The remainder of \$5,040,752 is a combination of:

|                                     | <u>Net \$<br/>Subject to Grant</u> | <u>Provincial<br/>Grant Rate</u> | <u>Provincial<br/>Grant</u> |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| New items (i.e. capital)            | \$ 282,000                         | 50%                              | \$ 141,000                  |
| Replacements and<br>Operating Costs | <u>4,758,752</u>                   | 70%                              | <u>3,331,107</u>            |
| Total                               | <u>\$5,040,752</u>                 |                                  | <u>\$3,472,107</u>          |





The increase in provincial grants under the above recommendation of the O. C. T. would be applicable only to the amount of \$4,758,752 for operating and maintenance costs for homes for the aged. Thus, the grants of 80 per cent proposed by the O. C. T., if applied in 1967, would have yielded approximately \$3,807,000, representing a net increase of \$475,893 ( $\$3,807,000 - \$3,331,107$ ).

It is concluded that the implementation of this recommendation would produce a reduction of approximately \$475,893 in the Metro general levy in 1967.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

21:11 The Province provide all persons who  
become indigent with premium-free in-  
surance under the Ontario Hospital  
Care Insurance Plan, without a waiting  
period. (Vol.II, p.428)

The pertinent figures are:

| <u>Expenditure</u>   | <u>Reference to</u><br><u>1967 Metro Estimates</u> | <u>Amount</u> |
|--|--|---------------|
| Hospitalization of Indigents   | Page 25  | \$850,000     |
| <u>Revenue</u>   |  |               |
| Compensation for Indigent<br>Hospitalization   | Page 47  | (618,887)     |
| Net reduction in Metro's 1967 tax<br>requirements if O. C. T. recommend-<br>ation 21:11 had been implemented<br>January 1, 1967. |  | \$231,113     |

This recommendation would eliminate the present  
residual hospitalization cost to Metro and would result in  
a net reduction in the 1967 Metro levy of \$231,113.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

21:12 The level of provincial grants towards  
homemakers' and nurses' services be in-  
creased to 80 per cent. (Vol.11, p.428)

Metro provides reimbursements to certain nursing and homemakers' organizations which take the form of flat rates for the number of nursing visits made and homemakers' days spent. In all such cases, the status of the recipient must satisfy the eligibility requirements of the Homemakers' and Nurses' Services Act in order for Metro to make a 50 per cent recovery from the Province.

1967 Estimates

|   | <u>Under Present</u><br><u>Arrangements</u> | <u>With Adoption</u><br><u>of Smith 21:12</u> |
|---|---|---|
| Expenditures Page 25                            | \$372,128                                   | \$372,128                                     |
| Recoveries from other<br>municipalities Page 48 | (2,000)                                     | (800)   |
| Provincial grant Page 47                        | <u>(182,500)</u>                            | <u>(292,363)</u>                              |
| Net cost to Metro taxpayer                      | \$187,628                                   | \$ 78,965                                     |
|   | <hr/>                                       | <hr/>   |

Thus, there would have been a reduction of \$108,663  
if O. C. T. recommendation 21:12 had been implemented.





Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

21:14 Grants on behalf of weed, warble fly  
and plant disease control be abolished.  
(Vol.II, p. 431)

A review of the City's and Metro's 1967 Estimates shows that neither received any of these grants.



Recommendation of The Ontario  
Committee on Taxation  
 (Smith Committee)

- 21:15 All health grants to municipalities for such specific purposes as school nursing inspection, school dental services and venereal disease clinics be terminated. (Vol. II, p. 431)
- 21:16 All municipalities providing full-time public health services satisfactory to the Department of Health, whether individually or through health units, be eligible for a provincial grant of 50 per cent of their public health expenditures. (Vol. II, p. 432)

If these O.C.T. recommendations had been in effect commencing January 1, 1967, the effect on the City Estimates would have been as follows:

A. Actual Estimates 1967

P-54 Gross Expenditures 1967 \$4,244,331

Less estimated "health" grants

and other revenue;

P-91 Federal - Smoking Withdrawal 18,065

P-91 Health Services Act Grant 500

P-91 National Health Grants 36,500

P-21 Sundry Revenues (Details

P-93) 81,043

P-94 Recoveries from Metro

- pre-employment medical exam 5,500



Subtract

- the portion of Dental Services that is "curative" and not approved by the Ontario Government as a "reimbursable" expenditure; in the 1967 Budget the City's Health Department calculated that 64% of Dental Services are "curative" and thus expenditures were not eligible for a grant.

P-58 64% of \$608,700 (389,568)

\$4,042,933

- Add - provincial grants which would no longer be received under O.C.T. recommendation 21:15 and which served to reduce 1967 estimates (see previous reference in A above) - \$36,500 + \$500

37,000

\$4,079,933

- Less - 50% provincial grant for public health as per O.C.T. recommendation 21:16.

\$2,039,966

Net public health expenditures

\$2,054,248

While this recommendation of the O.C.T. represents an estimated net reduction of 1967 expenditures of \$2,039,966



|                             |       |                  |
|-----------------------------|-------|------------------|
| - emergency health services | 8,509 | <u>(150,117)</u> |
|-----------------------------|-------|------------------|

|   |  |             |
|---|--|-------------|
| Net Expenditure on Public Health 1967 - |  | \$4,094,214 |
|---|--|-------------|

B. Calculation of Provincial Grant Under O.C.T.  
Recommendations 21:15 and 21:16

|                               |  |             |
|-------------------------------|--|-------------|
| Net expenditure as in A above |  | \$4,094,214 |
|-------------------------------|--|-------------|

Add - estimated cost of services performed

by other departments for the D.P.H.

(these charges are based on an esti-

mate of actual services rendered

during 1967 and which were used in

the calculation of the 25% grant

claimed for the last 9 months of 1967).

It has been assumed that such an "ad-

ministration" charge would be allowed

under O.C.T. recommendation 21:16.

The estimated charge in this connection

is based on figures provided by the

City Health Department and which were

actually claimed for 1967.

(1) Charges for 9 months in  
1967

253,715

(2) Estimated charges for 3  
months based on (1)

|        |                |
|--------|----------------|
| 84,572 | <u>338,287</u> |
|        | \$4,432,501    |





an estimated net reduction of 1967 expenditures of \$2,039,966 it should be noted that the Province instituted a 25% grant for public health expenditures effective April 1, 1967. The effect of this grant was not taken into account in the 1967 estimates for the nine months of 1967. However, if it has been in effect for the whole of 1967, it would have represented a reduction in the City's expenditures on public health of just over \$1,000,000 or approximately one-half of the reduction estimated for the O.C.T. recommendation.

Effect of Establishment  
of a Metro Health Unit

From the City's financial point of view some consideration should be given to the incentives provided by the Province for the establishment of a county or metropolitan health unit. Thus, for example, if the health departments of the City and the five boroughs were merged to form a single Metro health unit the Province would provide a grant equal to 75% of its expenditures. While it is not known what the actual expenditures of a combined health department would be, it is probable that in 1967 these would have been at least equal to the combined expenditures of the City and the five boroughs which in that year had net estimated expenditures as follows:



| <u>Municipality</u>                      | <u>Net Estimated Expenditures<br/>on Public Health</u> |
|--|--|
| City of Toronto                          | \$4,040,455  |
| Borough of Etobicoke                     | 581,271  |
| Borough of Scarborough                   | 759,481  |
| Borough of York                          | 439,111  |
| Borough of East York                     | 331,719  |
| Borough of North York                    | <u>799,609</u>   |
| 1967 Total Net Estimated<br>Expenditures | <u>\$6,951,646</u>                                     |

The application of a 75% grant against this amount of \$6,951,646 would result in a reduction of 1967 net estimated expenditures for a Metro Health Unit to \$1,737,912. Under a Metro levy the City would have been responsible for approximately 53.56% of this amount or \$757,034. This would result in a further reduction in the City's obligations for public health from an estimated \$2,054,248 under the O.C.T. recommendation to an estimated \$757,034 if a single Metro health department was established. It is appreciated that total public health expenditures would probably be higher than that estimated under a combined department. However, those would have to increase very substantially before the advantage to the City would be offset. Even if these expenditures increased by as much as double the foregoing estimate



the City would still benefit. Its net obligation would still be less than the amount required to retain public health as a directly operated civic department even with the grant recommended by the O.C.T.

It is concluded that if the O.C.T. recommendations were implemented, it would represent a substantial reduction in the City's net public health expenditures. However, there is a greater potential saving to be gained through the establishment of a Metro public health department with a higher scale of provincial grant aid.





## Appendix XXVI

Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

- 21:18 Upon the creation of any unit of regional government, the Province terminate all existing grants for recreation and community services to the municipalities within the region in favour of a Community Enrichment Grant payable to the regional government. (Vol. II, p. 436)
- 21:19 All recreation and community service grants now applicable to the Municipality of Metropolitan Toronto and its constituent municipalities be terminated forthwith in favour of a Community Enrichment Grant of \$2 per capita payable to the Municipality of Metropolitan Toronto for apportionment between Metro and its constituent municipalities. (Vol II, p.437)

As far as could be determined the present grants received by the City of Toronto for recreation and community services are the following:

| <u>1967 City Estimates</u> | <u>Type of Grant</u>   | <u>Amount</u>    |
|----------------------------|--|------------------|
|                            |  | \$               |
| p. 91                      | Recreation   | 11,000           |
| p. 91                      | Historical Sites   | 4,000            |
| P. 87                      | Toronto Public Library   | 302,454          |
| p.120                      | Grant toward<br>Annette Street<br>School Recreation<br>Centre <sup>(1)</sup> | 10,000           |
|                            |  | <u>\$327,454</u> |

The Metro estimates were also reviewed to ascertain what grants were received with respect to recreation and community.

(1) Capital grant. All others for operating purposes.



services. The only grant that appeared to be applicable was one for an estimated \$220,000 for the Metro Public Library Board in 1967.

It is difficult to reconcile these figures with the estimate contained in the O. C. T. Report that "the total revenue of Metro and its constituent municipalities from all grants for community services will be between \$1.30 and \$1.40 per capita in 1967." (Vol. II, p. 437). It may well be that the grants to the boroughs for the acquisition of municipal park land and the construction of community centres, etc., are much higher than these applying to the City.

The O. C. T. recommendations provide that all grants for recreation and community services now applicable to Metro and its constituent municipalities be abolished in favour of "a Community Enrichment Grant of \$2.00 per capita payable to the Municipality of Metropolitan Toronto for apportionment between Metro and its constituent municipalities."

The yield to Metro from this new grant is estimated at \$3,691,808 (1,845,904 X \$2). However, a major question arises as to the manner which will be employed for the apportionment of this amount between Metro and its constituent municipalities. On the matter of method the O. C. T. Report is silent although this must be regarded as a matter of some



concern to the City

There are a number of ways in which the yield of the proposed Community Enrichment Grant could be apportioned between Metro and its constituent municipalities. In setting out these alternative methods it must be assumed that no part of the grant is siphoned off to such bodies as the Metropolitan Toronto and Region Conservation Authority. The alternative approaches to apportionment are set out below.

I. Relative Total Assessment

|  |                    |
|--|--------------------|
| (a) Total grant - 1,845,904 pop. x \$2.00 =                                      | \$3,691,808        |
| (b) Less estimated provincial grant in 1967 for Metro Library Board              | (220,000)          |
| Net Grant to Metro   | <u>\$3,471,808</u> |
| (c) City total assessment as a percentage of Metro Total assessment              | <u>43.56%</u>      |
| (d) City's share of Community Enrichment Grant from Metro                        | 1,512,320          |
| (e) Less grants for recreation and community services currently received by City | <u>(327,454)</u>   |
| Net Increase in City grant revenue   | <u>\$1,184,866</u> |





## II. Basis of Relative Population

|  |                 |
|--|-----------------|
| (a) 692,068 pop. X \$2.00 =  | \$1,384,136     |
| (b) Less grants currently<br>received by City                                  | (327,454)       |
| (c) Less City's share of Metro<br>Library Grant for 1967<br>43.56% x \$220,000 | <u>(95,832)</u> |
| Net Increase in City grant revenue   | \$ 960,850      |

## III. Apportionment on the Basis of Relative Expenditures as Between Metro and the City for Recreation and Community Services

|  | <u>1967 Estimates</u> (1) |                                      |               |                                       |
|--|---------------------------|--------------------------------------|---------------|---------------------------------------|
|  | <u>Page</u>               | <u>Metro</u>                         | <u>Page</u>   | <u>City</u>                           |
| Metro Parks Department                             | 16                        | 2,617,014                            |               |                                       |
| Public Library Board                               | 35                        | 580,000                              | 86            | 3,782,061                             |
| Grants   |                           |                                      |               |                                       |
| - Under City of Toronto Act (1935)                 |                           |                                      | 34            | 41,365                                |
| - Under other General Special Acts                 |                           |                                      | 34            | 71,700                                |
| City Property Dept. (Allan Gardens)                |                           |                                      | 42            | 5,849                                 |
| City Parks and Recreation Dept.                    |                           |                                      | 48,92<br>& 93 | 5,406,059 (2)                         |
| Endowment to Art Gallery of Ontario                |                           |                                      | 75            | 50,000                                |
| Toronto Historical Board                           |                           |                                      | 82            | 147,706                               |
| Debenture Debt charged<br>for Parks and Recreation | 39                        | <u>1,471,116</u><br><u>4,668,130</u> | 80            | <u>2,079,540</u><br><u>11,584,280</u> |

(1) Since the purpose is to determine the Metro/City split of the Community Enrichment Grant on the basis of the present expenditure relationship present provincial grants have not been deducted except for Winter Works as noted.

(2) Less Winter Works grants.





Assuming that the City benefitted from Metro expenditures for community services on the basis of relative populations the City's share of this would be

$$\frac{692,068 \text{ City population}}{1,845,904 \text{ Metro population}} = 37.49\%$$

$$37.49\% \text{ of } \$4,668,130 = \underline{\$1,750,082}$$

On this basis the cost relationship of the City and Metro for recreation and community services would be as follows:

|       | \$                | %             |
|-------|-------------------|---------------|
| City  | 11,584,280        | 86.88         |
| Metro | <u>1,750,082</u>  | <u>13.12</u>  |
|       | <u>13,334,362</u> | <u>100.00</u> |

The City would therefore receive directly, via this method of apportionment, 86.88% of the Community Enrichment Grant of \$2.00 per capita. This would amount to approximately \$1.74 for the City with .26 retained by Metro.

If the Community Enrichment Grant of \$2.00 per capita had been in effect in 1967, and the foregoing basis of apportionment had been utilized, the effect on City revenues would have been as follows on the next page:



|  |                    |
|--|--------------------|
| 86.88% of 692,068 x \$2.00 =   | \$1,202,537        |
| - <u>less</u> estimated "community service"<br>type grants for 1967  | <u>(327,454)</u>   |
|  | \$ 875,083         |
| - <u>plus</u> reduced Metro levy for City<br>due to Metro's retention of<br>13.12% of the total grant <sup>(1)</sup> = |                    |
| Total grant  | <u>\$3,691,808</u> |
| (1,845,904 x \$2.00)   |                    |
| . 13.13% of grant<br>retained by Metro   | 484,365            |
| . less elimination of<br>Metro Library Grant   | <u>(220,000)</u>   |
|  | 264,365            |
| City share of net reduction 43.56%<br>Extension  | <u>115,157</u>     |
| <u>Net increase in City revenues</u>   | <u>\$ 990,240</u>  |

Under the alternative methods suggested the City  
would experience a substantial net increase in revenues through  
apportionment of the Community Enrichment Grant. The City  
should therefore argue that one of these approaches be utilized.

---

(1) This assumes that the "Community Service" cost relationships between the boroughs and Metro are the same as that for the City and Metro.



Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

21:21 The grants payable to municipalities  
under provisions of The Fire Depart-  
ments Act and The Police Act be  
abolished. (Vol.11, p.438)

In the case of Metro and the City these grants are 10 per cent of each municipality's contribution towards the pension fund and workmen's compensation for police and firemen. The relevant figures in the 1967 estimates are as follows:

| <u>Reference</u>      |              | <u>Increase in</u>      |                  |
|-----------------------|--------------|-------------------------|------------------|
| <u>1967 Estimates</u> |              | <u>Levy on Taxpayer</u> |                  |
| <u>City</u>           | <u>Metro</u> | <u>City</u>             | <u>Metro</u>     |
| Page 91               |              | \$76,661                |                  |
| Page 91               | Page 47      | <u>11,849</u>           | <u>\$210,000</u> |
|                       |              | <u>\$88,510</u>         | <u>\$210,000</u> |

While the abolition of these grants has the effect of increasing both the City and the Metro levy by the amounts indicated, this should be considered in the light of the O. C. T. recommendations with respect to the transfer to the Province of all local responsibilities for the administration of justice which has now been implemented by the Province of Ontario. As has been indicated in Appendix the effect of the implementation of these recommendations produces a net reduction in the 1967 Metro levy of \$5,162,013.





Recommendation of The Ontario  
Committee on Taxation  
(Smith Committee)

- 21:23 The Municipal Unconditional Grants Act be repealed. (Vol. II, p. 439)
- 21:25 There be paid annually to all municipalities now receiving assistance under the Municipal Unconditional Grants Act a new unconditional grant providing, for the relief of all property taxpayers, an initial rate of \$7.00 per capita for the first 2,500 of population, an increase of 50¢ per capita for the next 2,500 of population, and an additional increase of 50¢ (per capita) for each subsequent doubling of the population. (Vol. II, p. 441)
- 21:26 The unconditional grant be based on the population reported annually by the municipality for assessment purposes. (Vol. II, p. 442)

The Unconditional Per Capita Grant estimated to be received by Metro in 1967 was \$12,954,914 (page 47 of the 1967 Metro estimates). Had Municipal Unconditional Grants Act been abolished prior to 1967, Metro revenues would have been reduced by this amount in 1967. Under the new unconditional grant proposed by O.C.T. in 21:25, the revenue that would have been derived from the Province by Metro in 1967 is calculated in Schedule I below:



Schedule I

| <u>Incremental Population</u><br><u>(as returned by assessors for 1967 taxes)</u> |           | <u>Rate Per</u><br><u>Capita</u><br>\$ | <u>Grant</u><br><u>Amount</u><br>\$ |
|---|-----------|--|-------------------------------------|
| 0 -   | 2,500     | 7.00                                   | 17,500                              |
| 2,500 -   | 5,000     | 7.50                                   | 18,750                              |
| 5,000 -   | 10,000    | 8.00                                   | 40,000                              |
| 10,000 -  | 20,000    | 8.50                                   | 85,000                              |
| 20,000 -  | 40,000    | 9.00                                   | 180,000                             |
| 40,000 -  | 80,000    | 9.50                                   | 380,000                             |
| 80,000 -  | 160,000   | 10.00                                  | 800,000                             |
| 160,000 -   | 320,000   | 10.50                                  | 1,680,000                           |
| 320,000 -   | 640,000   | 11.00                                  | 3,520,000                           |
| 640,000 -   | 1,280,000 | 11.50                                  | 7,360,000                           |
| 1,280,000 -   | 1,845,904 | 12.00                                  | <u>6,790,848</u>                    |
|   |           |  | <u>20,872,098</u>                   |

From the foregoing it will be noted that the Municipality of Metropolitan Toronto would have received \$7,917,184 more (\$20,872,098 - \$12,954,914) under the O.C.T. recommendations 21:23, 21:25 and 21:26 than it forecast it would receive in 1967 under the present Municipal Unconditional Grants Act.

The question remains, though, as to what proportion



of the new grant recommended by the O. C. T. would be given directly to the City of Toronto. On this point no guideline was provided by the O. C. T. However, the method employed in redistributing the present unconditional grant by Metro to the City and the Boroughs is on the basis of relative residential assessment. Thus, it has been estimated that of the current unconditional grant received by Metro in 1967 of \$12,954,914 approximately \$4,366,855 or 33.71 per cent would go directly to the City of Toronto. The formula for determining relative residential assessment is as follows:

$$\frac{\text{City residential assessment}}{\text{Metro residential assessment}} = \frac{\$ 964,090,406}{\$ 2,860,115,124} = 33.71\%$$

If this basis were to be continued with respect to the distribution of the unconditional grants proposed by the O. C. T., the City would have received in 1967 the following:

$$33.71\% \times \$20,872,098 = \underline{\$7,035,984}$$

There are at least three other bases on which this unconditional grant recommended by the O. C. T. could be redistributed by Metro. These are set out below together with the amount the City would receive in each case.



I. Total Relative Assessment

$$\frac{\text{Total City Assessment}}{\text{Total Metro Assessment}} = \frac{\$2,224,984,842}{\$5,108,058,657} = 43.56\%$$

$$43.56\% \times \$20,872,098 = \underline{\$9,091,886}$$

II. Proportion of City's Population  
Relative to Total Metro Population

$$\frac{\text{City Population}}{\text{Metro Population}} = \frac{692,068}{1,845,904} = 37.49\%$$

$$37.49\% \times \$20,872,098 = \underline{\$7,824,950}$$

III. Received Directly by City  
on Basis Proposed by O.C.T. (1)

|  |                    |
|--|--------------------|
| . From 0 - 640,000 based on<br>figures in Schedule I | \$6,721,250        |
| . From 640,000 - 692,068 at<br>\$11.50 per capita    | <u>598,782</u>     |
|  | <u>\$7,320,032</u> |

The differences in the yield to the City from the present unconditional grants and the unconditional grants recommended by the O.C.T. in terms of the alternative methods of distribution are set out in Schedule 2 below:

- 
- (1) This alternative is unlikely because the Province would be paying an estimated \$1,068,709 more into the Metro area in a divided scheme than if the grants were paid directly to Metro.
-





Schedule 2

|           | <u>Present<br/>Basis</u><br>\$ | <u>Alternative<br/>No. 1</u><br>\$ | <u>Alternative<br/>No. 2</u><br>\$ | <u>Alternative<br/>No. 3</u><br>\$ |
|-----------|--------------------------------|------------------------------------|------------------------------------|------------------------------------|
| O.C.T.    | 7,035,984                      | 9,091,886                          | 7,824,950                          | 7,320,032                          |
| Present   | (4,366,855)                    | (4,366,855)                        | (4,366,855)                        | (4,366,855)                        |
|           | <hr/>                          | <hr/>                              | <hr/>                              | <hr/>                              |
| City Gain | <u>2,669,129</u>               | <u>4,725,031</u>                   | <u>3,458,095</u>                   | <u>2,953,177</u>                   |

While the City will benefit from the O.C.T. recommendation even if redistribution by Metro is maintained on the present basis it is clearly to the City's advantage to consider seeking the adoption of one of the alternative methods of redistribution.



Recommendations of The Ontario  
Committee on Taxation  
(Smith Committee)

22:2 The present limit on municipal borrowing for current purposes be replaced by new provisions

- (a) setting new statutory limits based solely on the last adopted estimates of revenue for a full year;
- (b) permitting borrowing with prior approval within the limits of 15 percent of such revenues without notice, and of 25 percent with a full explanation given to the Province within 30 days of borrowing;
- (c) permitting borrowing in excess of 25 percent of such revenues only with prior approval of the Province, and, if municipal councillors undertake such borrowing without provincial approval, applying the present penalty of disqualification from holding office for two years; and
- (d) empowering the Province to require municipalities that borrow in excess of 15 percent of revenues to create and maintain a working-fund reserve through a contribution of up to 3 percent of the current levy.

(Vol. II, pp. 468 - 469).

The city of Toronto has not undertaken any borrowing for current purposes since about 1962. This has been made possible by the City's tax instalment plan and tax prepayment plan, which bring tax revenues insufficiently in advance of



need to eliminate any necessity for current borrowing. The City is currently, in fact, a lender rather than a borrower and actually earns additional income by investing tax receipts on a short-term basis until required for the annual expenditure program. The 1966 actual revenue from such current interest charges was \$1,222,883 and the 1967 estimate for such earnings was \$1,000,000.

In the light of the foregoing it is concluded that the limits on municipal borrowing for current purposes will not have any effect on the City of Toronto.







